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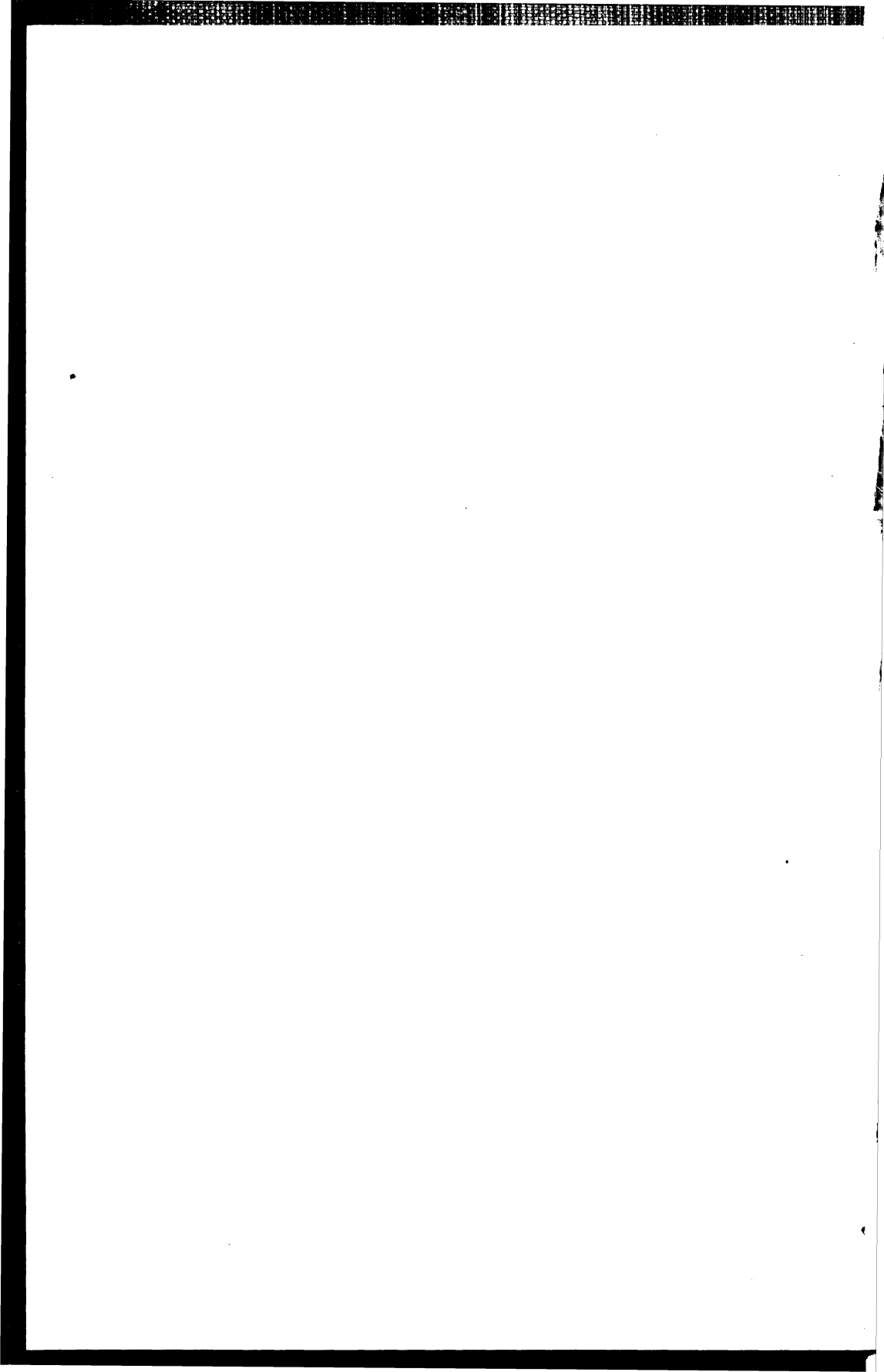


1937

Volume I

GENERAL

Department of State
Washington



Foreign Relations
of the
United States
Diplomatic Papers
1937

(In Five Volumes)

Volume I
General



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PREFACE

The *Foreign Relations* volumes have been compiled on an annual basis since the publication of diplomatic correspondence which accompanied President Lincoln's first annual message to Congress (December 3, 1861). Originally entitled *Papers Relating to Foreign Affairs Accompanying the Annual Message of the President*, the name of this series was changed in 1870 to *Papers Relating to the Foreign Relations of the United States*, and in 1947 to the present title.

Publication of these volumes, except for the year 1869, has been continuous. In addition to the annual volumes, supplements have also been published, among them the World War Supplements, the Lansing Papers, the special 1918-1919 Russia volumes, the Paris Peace Conference, 1919, series, Japan, 1931-1941, and The Soviet Union, 1933-1939.

The principles which guide the compilation and editing of *Foreign Relations* are stated in Department of State Regulation 045 of May 27, 1949, a revision of the order approved on March 26, 1925, by Mr. Frank B. Kellogg, then Secretary of State. The text of the current regulation is printed below:

045 DOCUMENTARY RECORD OF UNITED STATES FOREIGN RELATIONS

045.1 *Scope of Documentation*

The publication, *Foreign Relations of the United States* constitutes the official public record of United States foreign policy. These volumes include all papers relating to major policies and decisions of the Department in the matter of foreign relations, together with appropriate materials concerning the events and facts which contributed to the formulation of such decisions and policies.

045.2 *Editorial Preparation*

The basic documentary record of American foreign policy in *Foreign Relations of the United States* shall be edited by RE.¹ Documentation shall be substantially complete as regards the files of the Department. However, certain omissions of documents or parts of documents are permissible:

- a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
- b. To condense the record and avoid repetition of needless details.
- c. To preserve the confidence reposed in the Department by other governments and by individuals.
- d. To avoid needless offense to other nationalities or individuals.

¹ Division of Historical Policy Research (now the Historical Division).

- e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternatives presented to the Department when the decision was made.

No deletions shall be made without clearly indicating the place in the text where the deletion occurs.

045.3 *Clearance*

RE shall obtain the following clearances of material for publication in *Foreign Relations of the United States*:

- a. Refer to the appropriate policy officers such papers as would appear to require policy clearance.
- b. Refer to the appropriate foreign governments requests for permission to print certain documents originating with them which it is desired to publish as part of the diplomatic correspondence of the United States. Without such permission the documents in question will not be used.

In keeping with the spirit of the above quoted Department regulation, the research staff is guided in compiling the record by the principles of historical objectivity. It is the rule that there shall be no alteration of the text, no deletions without indicating the place in the text where the deletion is made, no omission of facts which were of major importance in reaching a decision, and that nothing should be omitted with a view to concealing or glossing over what might be regarded by some as a defect of policy. In the selection of papers the editors have attempted to give a substantially complete record of American foreign policy as contained in the files of the Department of State together with as much background material as possible, while keeping the volumes within reasonable limits with respect to size and number. In the preparation of *Foreign Relations* for the decade preceding World War II special attention has been given to the inclusion of documents of significance with respect to the origins of that conflict.

Considerable concern has been expressed because the publication of the *Foreign Relations* annual volumes has fallen so far behind the time of the documents included. In an effort to reduce this time lag a program of accelerated publication has been undertaken. As part of this effort the lists of papers are being omitted for the time being at least, beginning with the 1937 volumes, and indexes beginning with the 1936 volumes have been drafted by a private company under contract.

The responsibilities of the Historical Division (formerly the Division of Historical Policy Research) for the preparation of the *Foreign Relations* volumes are entrusted, under the general supervision of the Chief of the Division, G. Bernard Noble, to the Chief of the Foreign Relations Branch (Editor of *Foreign Relations*), E. R. Perkins, and

the Assistant Chief of the Branch, Gustave A. Nuernberger. The research staff of this Branch is organized with a Special Problems Section and area sections for the British Commonwealth and Europe, the Soviet Union, the Near East and Africa, the Far East, and the American Republics. The compilers of the 1937 volumes were Matilda F. Axton, Rogers P. Churchill, Francis C. Prescott, John G. Reid, N. O. Sappington, Louis E. Gates, and Shirley L. Phillips of the present staff and George Verne Blue, Victor J. Farrar, Morrison B. Giffen, and Henry P. Beers, former staff members.

The Division of Publications is responsible with respect to *Foreign Relations* for the proofreading and editing of copy, the preparation of indexes, and the distribution of printed copies. Under the general direction of the Chief of the Division, Robert L. Thompson, the editorial functions mentioned above are performed by the Foreign Relations Editing Branch in charge of Elizabeth A. Vary.

For 1937 arrangement of volumes is as follows: Volume I, General; Volume II, The British Commonwealth, Europe, the Near East and Africa; Volumes III and IV, The Far East; Volume V, The American Republics.

E. R. PERKINS

Editor of Foreign Relations

MARCH 9, 1954.

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MEETING OF THE BUREAU OF THE CONFERENCE FOR
THE REDUCTION AND LIMITATION OF ARMAMENTS,
GENEVA, MAY 31, 1937 ¹

500.A15A4 Steering Committee/502 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

BERN, January 26, 1937—6 p. m.
[Received January 26—2 p. m.]

11. In this afternoon's session the Council fixed May 6th for the meeting of the Bureau of the Disarmament Conference.

WILSON

500.A15A4 Steering Committee/507 : Telegram

The Secretary of State to the Minister in Switzerland (Wilson)

WASHINGTON, April 14, 1937—5 p. m.

25. Your letter of April 6 to Dunn.² We would like to have your views on Norman Davis'³ proceeding to Geneva for meeting of Disarmament Bureau May 6. Decision has been left to Mr. Davis. While this Government has no desire to take any initiative at Bureau meeting, we do not desire that any impression should be given of any lack of interest on our part in the question.

HULL

500.A15A4 Steering Committee/508 : Telegram (part air)

The Minister in Switzerland (Wilson) to the Secretary of State

BERN, April 15, 1937—3 p. m.
[Received April 16—7:30 a. m.]

40. Your 25, April 14, 5 p. m. I appreciate the force of your last sentence but want nevertheless to present certain considerations.

During the past 6 months political and economic conditions on the Continent have become appreciably better. Italy seems to have joined

¹ For previous correspondence, see *Foreign Relations*, 1936, vol. i, pp. 1 ff.

² James C. Dunn, Chief of the Division of Western European Affairs; letter not found in Department files.

³ Chairman of the American delegation, Conference for the Reduction and Limitation of Armaments, Geneva; Mr. Davis was in London as Chairman of the American delegation to the International Sugar Conference (see pp. 931 ff.)

the satisfied states and the Spanish affair⁴ while still dangerous shows a certain European political accord. The reception given throughout the Continent to Van Zeeland's⁵ explorations in the economy field is encouraging. Germany's last note to Eden,⁶ which I have read in the German Legation here, shows a marked advance in that Germany no longer insists on the abrogation of the Russo-French Pact⁷ but only the elimination of the automatic feature. Thus I have the impression that the evolution in Western and Central Europe is slowly reaching a point where pacification between the great states may be possible.

In looking over the course of events since the Locarno treaties⁸ I am struck with the fact that repeated attempts to bring Germany more closely into European cooperation failed largely because the negotiations were initiated without the presence and collaboration of Germany. I feel strongly that any attempt to build a plan for restriction of armaments in Germany's absence is doomed to failure. I feel that even a plan to bring about economic betterment in Europe without consultation with Germany is doomed to at least partial failure. The tide of Europe depends in the final analysis upon the state of mind of a dozen men in Berlin and I fear cannot be accomplished until those men are willing to sacrifice some of the so-called advantages of autarchy for the real advantages of international collaboration.

The French urged on the Assembly a meeting of the Bureau of the Disarmament Conference. In repeated and thoroughgoing talks with Vienot⁹ and Massigli,¹⁰ I failed to find any positive idea behind this step and indeed received the impression that Blum's¹¹ *démarche* had been made purely in fulfillment of election pledges and to satisfy one section of his voters. Equally I can find no positive attitude among the British in respect to the Bureau. Agreement between the British and French on the traffic in arms problem is, as far as I am aware, as remote as it was 2 years ago. Agreement on publicity of national expenditure might be possible between them. It would, incidentally, be embarrassing to us because of the Army's attitude.

⁴ See pp. 215 ff.

⁵ Paul van Zeeland, Belgian Prime Minister.

⁶ Anthony Eden, British Secretary of State for Foreign Affairs, and delegate to the League of Nations Assembly.

⁷ Mutual military assistance agreement, signed May 2, 1935; League of Nations Treaty Series, vol. CLXVII, p. 395.

⁸ The several treaties signed on October 16, 1925, at Locarno, between Belgium, France, Germany, Italy, and the United Kingdom; see League of Nations Treaty Series, vol. LVI, pp. 239-363.

⁹ Pierre Vienot, French auxiliary Under Secretary of State for Foreign Affairs, and deputy delegate to the League of Nations Assembly.

¹⁰ René Massigli, Assistant Director of Political and Commercial Affairs, French Ministry for Foreign Affairs; and assistant deputy delegate to the League of Nations Assembly.

¹¹ Léon Blum, President of French Council of Ministers.

Even supposing agreement were possible on some minor phase the very fact of an agreement being made in Geneva within the League of Nations would bring about its refusal by Germany and very probably by Italy.

I must say bluntly I deplore the calling of the Bureau and only hope that the meeting can be as decorously unobtrusive as possible. I am apprehensive of the publicity of the meeting and fear its effect on the gradually bettering sentiment on the Continent.

I believe that political understanding between the great states of Western Europe must precede any successful general gathering and as a corollary thereto that any prior attempt to convene a general gathering may even jeopardize such an understanding.

Mr. Davis' authoritative position is so well known in Europe and hope is so wide-spread that America will take an initiative that the mere statement that he is coming to Geneva would give rise to the belief that the United States had some specific proposal for solving the problem and unless we had such a proposal his visit could only result in disillusion. Furthermore, our interest in and position on disarmament is so thoroughly well known as not to require additional emphasis in Geneva.

The foregoing is based on impressions I received and conclusions I drew some months ago at the last Council meeting. Since that time I have had no opportunity to talk to responsible people in France and England and it may be that new and more hopeful factors of which I am unaware would reverse the opinions I have expressed.

I am sending a copy of this message to Mr. Davis who will have more recent facts at his disposition.

WILSON

500.A15A4 Steering Committee/509 : Telegram

The Chairman of the American Delegation to the General Disarmament Conference (Davis) to the Secretary of State

LONDON, April 16, 1937—1 p. m.

[Received 1:05 p. m.]

I have discussed the situation which may arise at the Disarmament Bureau meeting on May 6 with the technical expert of the Foreign Office and also with the Swedish Minister who was instructed by Sandler¹² to acquaint me in strict confidence with the intentions of the so-called neutral bloc.

The British although obviously not enthusiastic at the prospect of having to take part in a Bureau meeting at this time have decided to put forward a proposal for budgetary publicity on armaments,

¹² Richard Sandler, Swedish Minister for Foreign Affairs.

briefly that the Bureau should instruct the Secretary General of the Disarmament Conference to circulate all Governments with a request that there be communicated to a central clearing house at Geneva full budgetary statistics with regard to armaments expenditures. Germany and Italy would be included in this request and should they fail to reply or reply in the negative, as is most likely, it would be added justification for the British rearmament program.

Sandler will announce to the Bureau that the neutral bloc consisting of Sweden, Denmark, Norway, Finland, The Netherlands and Belgium have agreed on the terms of a convention which will be open to adherence by all other powers providing (1) a system of publicity on expenditures for armaments based on the recommendation of the Technical Committee of the Disarmament Conference, (2) a system of publicity regarding the manufacture of and traffic in arms combining provisions for licensing and publicity, (3) a system of control including a central organization tied up in some manner which is not clearly defined with the Disarmament Section of the League of Nations Secretariat. Eden informed me he would be unable to go to Geneva but asked me to discuss the question with Cranborne¹³ who will head the British delegation. I shall see him early next week and report further. In general the British may be said to feel that although it is perhaps unfortunate that a Bureau meeting has been called at this time the fact cannot be overlooked that it has been called at the behest of the French and the Scandinavians and something may be gained by using the occasion to keep the issue of disarmament clear and to feel out the general situation from this angle of approach. The British expressed the hope that it will be possible for me to attend the meeting and that we should work out beforehand a parallel attitude and line of action. I have stated that no decision has been made as to whether I should go to the Bureau and that personally I still am in some doubt as to what I should recommend; but after my talk with Cranborne I will report to you in order that a decision may be taken.

I am now rather inclined to believe that if neither Eden nor Delbos¹⁴ go to Geneva it would perhaps be advisable for me not to go and for Wilson to represent us at the Bureau meeting unless you think that being over here my failure to attend the meeting might appear to indicate a lack of interest.

If the Sugar Conference can reach an agreement at all, which now seems fairly hopeful, it will be in the next few days in which case the agreement should be signed around the end of this month; and we

¹³ Robert A. J. C. Cranborne, British Parliamentary Under Secretary of State for Foreign Affairs.

¹⁴ Yvon Delbos, French Minister for Foreign Affairs, and delegate to the League of Nations Assembly.

would sail for home not later than the 6th of May unless I go to Geneva.

DAVIS

500.A15A4 Steering Committee/510 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, April 21, 1937—8 p. m.
[Received April 21—5:10 p. m.]

Lord Cranborne, who will head the British delegation at the Bureau meeting of the Disarmament Conference, unless Eden should decide to go, came to see me yesterday afternoon to discuss the situation as the British see it in respect of the Bureau.

He first told me the British will put forward a proposal on publicity of national armaments expenditure which is the limit his Government is prepared to go at this time. This would serve as a touchstone since, if the Germans are not ready to go along on a simple provision for exchanging information with regard to expenditures for armaments, obviously there was no use in pressing more ambitious schemes for arms limitation and reduction until some fundamental change in the general situation has taken place. I pointed out that there might be some difficulty for us in supporting a proposal for budgetary publicity divorced from other aspects of disarmament. Cranborne expressed the hope, however, that we would raise no obstacle and insisted that if the leading Governments would not publish figures showing their actual expenses for armaments it was a waste of time to talk about other matters such as inspection and control of the export of arms.

Cranborne then reiterated what has been stressed to me in other conversations that this Government had not wished to hold a meeting of the Bureau but Blum had insisted upon it apparently as a marshaling of opinion in France. It was necessary for Blum in order to get popular support for his rearmament program, to evidence an interest in arms limitation and a desire for a regulation which would put a stop to the armaments race and check the heavy armament expenditures. The French were now planning, he said, to send Paul-Boncour¹⁵ to Geneva to make a speech and somewhat of a splash. This was not a popular move with Massigli but he did not always reflect the views of the political side of his Government.

Referring to the rumors current that the Bureau might be postponed from May 6 to a date after the meeting of the Council and Assembly, say around May 31 when Eden, Blum, and others would be in Geneva and when the stress of the Coronation¹⁶ would have

¹⁵ Joseph Paul-Boncour, French permanent delegate to the League of Nations.

¹⁶ Coronation of King George VI of the United Kingdom, May 12, 1937.

abated, Cranborne asked what I thought of the idea. I replied that I saw no objection to this and that at least a postponement would give more time for developments and preparation. He asked whether in that event I would remain here until the postponed meeting. I stated that I expected to return home at the close of the Sugar Conference but could possibly return to Geneva for a later meeting if the indications were that something useful could be accomplished and that my attendance would be advisable or helpful. I told him that if the meeting is not postponed and Eden and Delbos do not deem it advisable or worthwhile to attend I could see no reason why I should attend. He said that although it would be difficult for Eden to attend the meeting on May 6 he was sure he would do so if I thought it advisable and asked him to go. They felt, however, that unless there is more prospect of success than is now indicated it would raise false hopes for him to attend. He added that although they would like me to go in any event, they realized this same objection would apply in my case. I told him I would not assume the responsibility of asking Eden to go and thoroughly appreciated the objections to creating a false impression. Cranborne then said there was a conviction in the British Government that political and economic conditions on the continent were improving. It was essential not to rush matters and equally essential that economic agreement should go hand-in-hand with political settlement. There was grave danger in furnishing economic assistance to a dissatisfied Germany. There were signs that the Germans were moderating their views and that they were feeling the effect of the British rearmament program. It was in these circumstances imperative to move with caution and to avoid the appearance of activity unless there was something positive behind it. At the same time it was important not to discourage any advances or efforts to keep alive the question of disarmament.

In conclusion Cranborne said that he was inclined to favor a postponement of the Bureau meeting. He would first sound out the French and if they were agreeable he would ask Avenol¹⁷ to suggest the postponement to the Governments concerned. He would also take occasion to question the French further with regard to their ideas, specifically what they intend to propose and would inform me.

In the light of this conversation and after further consideration, I have come to the conclusion that unless there is some unforeseen change in the situation it would be inadvisable for me to go to Geneva,¹⁸ particularly in view of the fact that the chairmen of the other major delegations will not be present which would mean that my going would

¹⁷ Joseph Avenol, Secretary General of the League of Nations.

¹⁸ The United States was represented at the session of the Bureau by Mr. Wilson, the Minister in Switzerland.

undoubtedly give rise to speculation in the press and a belief that we have something concrete to propose.

Hugh Wilson sent me a copy of his 40, April 15, 3 p. m., to you with which I am substantially in accord. I think it would be advisable for me to have a full discussion with Wilson of the various aspects of the Bureau meeting and of the whole disarmament question. I believe he could now come to London unobtrusively without causing any undue comment and I should like to have him do so. If this meets with your approval please instruct him accordingly and advise me.¹⁹

DAVIS

500.A15A4 Steering Committee/512 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, April 23, 1937—noon.
[Received April 23—7:40 a. m.]

At luncheon at the French Embassy a few days ago I asked Corbin²⁰ why France wanted a Bureau meeting of the Disarmament Conference. He stated that the primary purpose was to keep alive the question of disarmament and it had been hoped that by May the situation might have reached a stage where Germany would be prepared to begin disarmament negotiations in which case it would be helpful to have the meeting of the Bureau. Developments however not having been as rapid as was hoped for he did not know just what the plans of his Government were as to the forthcoming meeting but he told me that as soon as he could find out what the French plans were he would let me know.

Last night the French Embassy informed us that the British had approached them with regard to a postponement of the Bureau meeting and had given the impression that I had initiated the request for adjournment. The French were informed of the fact, namely, that I had suggested nothing of the kind but had told the British that if they and the French wished to adjourn the meeting I saw no objections and also perhaps advantages particularly if there are no prospects of any positive achievement now.

The French said the British had asked them to find out just what their Government thought about postponement and what their plans were. Corbin had accordingly requested the French Foreign Office for this information. He was informed that detailed information

¹⁹ On April 26 Mr. Wilson was instructed to proceed to London for consultation with Mr. Davis (500.A15A4 Steering Committee/517).

²⁰ Charles Corbin, French Ambassador to the United Kingdom.

would be given to him later for transmission to the British but that Massigli had said that in so far as the United States was concerned this information would in due course be communicated to our Embassy in Paris which could make such disposition of it as it saw fit. The French Embassy here was somewhat perplexed by this because, as they stated, they had assumed that since I was Chairman of the American delegation to the Disarmament Conference information would be supplied directly to me as had always heretofore been done.

The French Embassy wished to know whether I would go to Geneva or not and it was pointed out to them that it was difficult to make a decision with regard to my plans without full information as to what is to be done and as to the possibilities of accomplishment, and until consultation with you; and that I would therefore be pleased to get any information they could give me which would help me in making my plans.

In these circumstances I feel it would be unwise as yet to make any public announcement of our plans for the Bureau because if there should be an announcement now that I am definitely not going to the Bureau it might be used to place on us the responsibility for the adjournment and the delay in disarmament. Furthermore, within the last day or two there have been increasing indications of a desire and a pressure for a disarmament move.

I will cable you more fully later on.

DAVIS

500.A15A4 Steering Committee/516: Telegram (part air)

The Minister in Switzerland (Wilson) to the Secretary of State

BERN, April 24, 1937—11 a. m.
[Received April 26—5:36 a. m.]

42. I had a talk with Aghnides²¹ yesterday at Montreux. He tells me that Avenol is about to send a telegram to the states members of the Council suggesting the postponement of the meeting of the Bureau of the Disarmament Conference from May 6 to a date to be fixed late in May²² during the sessions of the Council and Assembly, motivating the suggestion by the advantages that the statesmen would have in making one trip to Geneva only during the month.

Aghnides tells me that the full motivation follows:

(1) Politis,²³ who will preside at the Bureau, will presumably still be tied up in the Montreux Conference;²⁴ (2) it would be a nuisance to make two trips to Geneva in May; (3) the meeting would very likely

²¹ Thanassis Aghnides, Director in the office of the Secretary General of the League of Nations.

²² The date of the session of the Bureau was set at May 31.

²³ Nicolas Socrate Politis, Greek Minister to France, and delegate to the League of Nations Assembly.

²⁴ See vol. II, pp. 615 ff.

conflict with the dates of the Coronation in England; (4) (and Aghnides underscores this as most important) there is the recognition that nothing brilliant will come out of the meeting and hence the desire to pass it off as a routine matter surrounded by other meetings of Council and Assembly committees.

Aghnides says that he has received letters from the French Foreign Office telling him that Delbos and Blum are both apprehensive of the meeting, would give a lot to have it indefinitely postponed but they add since France initiated the calling of the Bureau, France must not be the one to suggest adjournment.

It is expected that the northern states will present a treaty which they have already initialed and accepted for themselves hoping that this treaty will be signed by other states. Incidentally Motta²⁵ tells me that he was requested by the Swedish Minister on behalf of the northern states to join this treaty but he replied that he thought the armament matter had better be left in the first instance to the great states. He considered that the proposal is somewhat "doctrinaire." I have seen a project of their agreement. It includes (a) provisions for publicity on national defense expenditures; (b) provisions for the control and publicity of arms manufacture and trade "based on Conference Document D 168["]; (c) setting up permanent organ of control. These provisions follow portions of 168 but contemplate the organ of control as part of the Disarmament Section of the League; (d) general provisions for denunciation and adherence by other states.

Cipher text to Paris and Mr. Davis.

WILSON

500.A15A4 Steering Committee/521 : Telegram

The Secretary of State to the Minister in Sweden (Steinhardt)

WASHINGTON, April 27, 1937—6 p. m.

8. Minister Wilson at Bern has been informed by President Motta of the Swiss Confederation, that he has been requested by the Swedish Minister at Bern to join a convention which Sweden, Denmark, Norway, Finland, the Netherlands and Belgium have already initialed and accepted for themselves and which, it is learned from other sources, is to be presented by Sandler at the forthcoming meeting of the Bureau of the Disarmament Conference. It is understood that the convention includes provisions for publicity on national defense expenditures and provisions for the control and publicity of arms manufacture and trade, et cetera.

Please telegraph such further information as you may be able to obtain discreetly.

²⁵ Giuseppe Motta, President of the Swiss Confederation, and Minister for Foreign Affairs.

Repeat to Oslo as Department's No. 7, Copenhagen No. 9, Brussels No. 19, The Hague No. 20.

HULL

500.A15A4 Steering Committee/523 : Telegram

The Minister in Sweden (Steinhardt) to the Secretary of State

STOCKHOLM, April 29, 1937—noon.

[Received 3 p. m.]

34. Your telegram No. 8, April 27. Sandler informs me in strict confidence that the Swedish Government asked the Governments of Denmark, Finland, Norway, the Netherlands, Belgium and Switzerland whether they were prepared to investigate and discuss the possibility of putting into effect as between certain small powers those parts of a general disarmament convention the preparation of which is most advanced from a technical point of view, namely, the parts which concern publicity of national defense expenditures, the regulation of the manufacture of and trade in arms and implements of war, and the creation of a permanent control organism. At the meeting of the Ministers of Foreign Affairs of Sweden, Finland, Denmark, and Norway, held at Helsinki April 20 to 22, these Ministers agreed that conversations concerning such a convention should, if a general convention could not be brought about, be pursued in consultation with other small powers which might be interested.

Mr. Sandler further informs me that the Swiss Government has indicated it is not prepared to take part in these conversations and that no definite answer has as yet been received from the Belgian and Dutch Governments. He also says that a first preliminary text has been drafted on the basis of the texts drawn up at Geneva and that with particular reference to the publicity of national defense expenditures the Geneva texts have been somewhat simplified. He adds that this draft is now the object of examination by the competent authorities and that he will let me have the draft as soon as circumstances permit.

STEINHARDT

500.A15A4 Steering Committee/522 : Telegram

The Chargé in Denmark (Winship) to the Secretary of State

COPENHAGEN, April 29, 1937—1 p. m.

[Received April 29—7:56 a. m.]

12. Department's telegram 9, April 27.²⁶ Danish Government in sympathy with convention national defense expenditures made public

²⁶ See last paragraph of telegram No. 8, April 27, 6 p. m., to the Minister in Sweden, p. 9.

annually in defense budget regarding control and publicity of arms manufacture and sale, see my despatch No. 565, October 23, 1936.²⁷ Parliament now debating new Government bill extending control similar to law recently enacted in Sweden.

WINSHIP

500.A15A4 Steering Committee/524 : Telegram

The Minister in the Netherlands (Emmet) to the Secretary of State

THE HAGUE, April 29, 1937—4 p. m.

[Received April 29—2 p. m.]

35. Department's 20, April 27, 6 p. m., to American Legation Stockholm.²⁸ In confidential interview with the Minister for Foreign Affairs today he said that the plan of Sandler for a convention including provisions for publicity on national defense expenditures and for control and publicity of arms manufacture and trade, et cetera, was still embryonic. No plan has yet been reduced to writing or agreed to by any government. The Netherlands Government in accordance with Dutch law gives publicity to national defense expenditures, approves in principle such a movement and will join if details are satisfactorily worked out. Discussions to be held next month at Geneva. Minister for Foreign Affairs states Switzerland would not join at present and that all details are still to be ironed out before agreement could be reduced to writing. Nothing yet initialed or even accepted. Minister for Foreign Affairs thought it would be months before any convention could be definitely agreed to and signed. He hoped other nations would be invited to join when the plan takes more definite shape.

EMMET

500.A15A4 Steering Committee/538

The Minister in Norway (Biddle) to the Secretary of State

No. 435

OSLO, April 30, 1937.

[Received May 13.]

SIR: I have the honor to refer to my telegram No. 13 of April 30, 9 a. m.,²⁷ sent in reply to the Department's confidential telegram to the American Legation at Stockholm, No. 7 of April 27, 1937, 6 p. m.,²⁸ relative to a reported intention of the Swedish Foreign Minister, Mr.

²⁷ Not printed.

²⁸ See last paragraph of telegram No. 8, April 27, 6 p. m., to the Minister in Sweden, p. 9.

Richard Sandler, to present, at the forthcoming meeting of the Bureau of the Disarmament Conference, a convention providing for publicity regarding national expenditures for purposes of defence and for control, as well as publicity, of the arms industry and trade.

In view of the Department's desire, also expressed in the telegram above-mentioned, to receive additional data on this subject, I took occasion, at the time of a talk with the Foreign Minister, arranged for the morning of April 29 prior to the receipt of the Department's instruction under reference, to introduce the subject. Mr. Koht spoke frankly and, without prompting, admitted the existence of the convention, of which the main points were as described in the Department's telegram. Thus, the convention provided for *a*) publicity on expenditures of national defence; *b*) publicity on the manufacture and trade in arms; and *c*) control of the manufacture and trade in arms.

By way of background, Mr. Koht stated that for some years past, on the occasion of sessions of the League of Nations, not only had the representatives of Norway, Denmark, Finland and Sweden, but also those of Spain, Switzerland and The Netherlands, conferred informally on matters of common interest. It had, moreover, been decided that each State should, in rotation, appoint a delegate who should represent this group collectively and should sit in all meetings held during a given session of the League. Switzerland, however, had never appointed a delegate, when it became its turn to do so. Mr. Koht also recalled that some years ago, a proposal had been introduced at one of the meetings of the Disarmament Conference (he did not say by whom) which resembled that which was now about to be presented. At that time, though, no definite action had been taken on the proposition and the matter had lapsed.

It had not been forgotten by the Northern States, though, and the Governments of these had come to feel that it was now time for their group to take the initiative in starting a constructive move in what they considered to be the right direction, i. e., toward establishing firmer bases for continued international peace.

Consequently, at the meeting of their four Foreign Ministers held at Helsingfors during the current month of April, it had been decided to formulate a draft convention for presentation at the coming meeting of the Bureau of the Disarmament Conference. This convention covered, in substance, the points set forth above.

The adhesion of Switzerland and The Netherlands (States with which the Northern countries' representatives had in times past consulted at Geneva) had at once been invited. In view of the present situation in Spain, no invitation to adhere had been extended to the authorities in that country. Belgium had also been invited in view

of its announced neutral status and, with Holland, had accepted the proposal. Switzerland, however, had declined, not from lack of sympathy therewith, but because the international situation, coupled with its belief that the convention would not be adopted by any of the large States on its borders, rendered present action not feasible. The standpoint of Switzerland was appreciated in Norway and no resentment was felt here in consequence.

However, despite the absence of Switzerland and the probability that the convention would be rejected by the Powers, the six States sponsoring it were resolved to propose the convention as a constructive move toward peace and a sequel to that which had some years ago been proposed at a meeting of the Disarmament Conference.

In thus proposing their convention, the interested States would invite further international participation, while cognizant of the probability of a general refusal. However, irrespective of the result of their endeavor, the six States would be prepared to put the convention into effect as among themselves.

Mr. Koht pointed out that although the six States mentioned are identical with the parties to the Oslo Convention of 1930,³¹ their action in regard to this convention is distinct from it, since the Oslo Convention chiefly foreshadowed an economic program.

Respectfully yours,

A. J. DREXEL BIDDLE, JR.

500.A15A4 Steering Committee/525 : Telegram

The Ambassador in Belgium (Morris) to the Secretary of State

BRUSSELS, April 30, 1937—1 p. m.
[Received April 30—8:40 a. m.]

34. Department's telegram 19, April 27, 6 p. m., to Stockholm.³² Belgian Foreign Office official has informed Embassy that question is now being studied here. He stated that preliminary Belgian viewpoint is (1) that national defense expenditures are already published in Belgium; (2) that provisions for control in order to be effective should first be accepted by great powers; (3) that publicity regarding arms manufacture and trade would have to be adopted simultaneously by the principal countries engaged therein, otherwise nonpublishing nations would benefit at the expense of publishing countries.

MORRIS

³¹ Signed December 22, 1930, League of Nations Treaty Series, vol. cxxvi, p. 341.

³² See last paragraph of telegram No. 8, April 27, 6 p. m., to the Minister in Sweden, p. 9.

500.A15A4 Steering Committee/531 : Telegram

The Minister in Sweden (Steinhardt) to the Secretary of State

STOCKHOLM, May 4, 1937—noon.

[Received May 4—9 a. m.]

35. Mr. Sandler informed me yesterday that he had instructed the Swedish Minister at Bern to keep Mr. Wilson fully informed with respect to the subject of the Department's telegram No. 8, April 27, 6 p. m. Have advised Wilson.

STEINHARDT

500.A15A4 Steering Committee/539

The Chargé in Denmark (Winship) to the Secretary of State

No. 668

COPENHAGEN, May 4, 1937.

[Received May 14.]

Subject: Proposed Convention for the Bureau of Disarmament Conference

SIR: I have the honor to refer to my cable No. 12, dated April 29th, 1 p. m., and my confidential despatch No. 665, dated April 30th,⁸³ on the above subject, and to report that yesterday I was able to confer with Dr. Munch, Danish Minister of Foreign Affairs, who stated frankly that the three points of the Convention mentioned have been accepted in principle by Denmark, Sweden, Norway and Finland.

He said further that before the meeting at Geneva the last of this month, the Government's proposed bill for control of the production of war material would become law here, and make it possible for Denmark to adhere to the proposed convention.

Dr. Munch believes that Belgium and the Netherlands are very much in sympathy with the proposal, and hopes that these countries may be able to participate, while he thinks there will be no difficulty in securing Switzerland's support.

Needless to say Dr. Munch would like to see a much broader and more comprehensive convention and expressed his keen disappointment that even the one proposed would not be acceptable to the larger powers, when it is presented at the forthcoming meeting of the Bureau of the Disarmament Conference.

Respectfully yours,

NORTH WINSHIP

⁸³ Latter not printed.

500.A15A4 Steering Committee/536 : Telegram (part air)

The Minister in Switzerland (Wilson) to the Secretary of State

BERN, May 10, 1937—noon.

[Received May 11—4:35 a. m.]

46. Westman, Swedish Minister to Bern, telephoned me from Geneva that he has just received copy of Netherlands' reply to proposal of Swedish Foreign Minister for a special agreement among the Northern States on disarmament. The Netherlands Government declare that they do not believe the time opportune for any general effort in disarmament, nevertheless agree in principle with the Swedish proposal and are willing to collaborate in drawing up a document.

Westman says that he does not believe that it will be possible to submit a finished document to the Bureau of the Conference but rather a report will be made on progress.

Request this telegram be brought to [attention of] Mr. Davis on arrival.

WILSON

500.A15A4 Steering Committee/543 : Telegram

The Secretary of State to the Minister in Switzerland (Wilson)

WASHINGTON, May 20, 1937—5 p. m.

30. Since Mr. Davis' return we have talked over the question of your speech at the forthcoming Bureau meeting.³⁴ The following draft is submitted for your comment. After we have considered and approved any amendments you may wish to suggest, we will instruct the Embassy at London to show it confidentially to the British authorities and inquire if the latter see their way to take a similar position:

[The draft text which follows is substantially the same as the speech delivered by Mr. Wilson before the Bureau, May 31, 1937, printed on page 20.]

HULL

500.A15A4 Steering Committee/542 : Telegram (part air)

The Chargé in Sweden (Schoenfeld) to the Secretary of State

STOCKHOLM, May 20, 1937—10 a. m.

[Received May 21—7:30 a. m.]

42. Mr. Sandler has sent me a memorandum saying that the conversations regarding the limited convention for the control of armaments

³⁴ Mr. Wilson was instructed by telegram No. 29, May 19, 6 p. m., to proceed to Geneva to represent the United States at the Bureau meeting (500.A15A4 Personnel/1511).

referred to in the Legation's 34 of April 29, noon, have not progressed in such a manner that any positive statement may be expected at the May meeting of the Disarmament Bureau in Geneva; that the conversations are nevertheless continuing; that despite the increased doubt as to how much can be attained in view of the recent British White Paper³⁵ the Swedish Government will continue its efforts; and that he "counts on the sympathy of the United States Government for the efforts to prepare the ground for a general and more extensive convention to be concluded as soon as conditions are more favorable".

Text of memorandum is being mailed.³⁶ Repeated to Bern.

SCHOENFELD

500.A15A4 Steering Committee/547: Telegram

The Secretary of State to the Minister in Sweden (Dearing)

WASHINGTON, May 21, 1937—6 p. m.

15. Legation's 42, May 20, 10 a. m. Please express to Mr. Sandler our deep appreciation for his courtesy in making this information available to us and say that the interest of the United States Government in the reduction and limitation of armaments has in no way abated.

Repeat to Bern by mail.

HULL

500.A15A4 Steering Committee/545: Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

BERN, May 21, 1937—6 p. m.

[Received 6:02 p. m.]

49. Supplementing my 48, May 21, 5 p. m.³⁷ In respect to the first paragraph of your 30, May 20, may I ask your consideration of the fact that Mr. Davis and I spoke to Cadogan³⁸ about our views, that Cadogan was somewhat non-committal but believed that his Government would want to urge some effort in respect to publicity of expenditure. At the end of this conversation it was understood that Cadogan would talk with the British Government and that if they agreed with us in principle he would let Mr. Davis or myself know. To my knowledge he has made no such move. Furthermore, since that conversation the British White Paper Cmd. 5451, May 1937, states beginning page 10 [9],

³⁵ British Cmd. 5451 (1937): *Statement Relating to Report of the Royal Commission on the Private Manufacture of and Trading in Arms, 1935-36.*

³⁶ Despatch No. 765, May 20; not printed.

³⁷ Not printed.

³⁸ Sir Alexander Cadogan, British Deputy Under Secretary of State for Foreign Affairs.

"Nevertheless, they (His Majesty's Government) consider that the question of the publicity of national defence expenditure might be examined and the possibility explored of attaining general agreement on the Draft Convention on this subject drawn up by the competent sub-committee of the Disarmament Conference. They are prepared to accept this Convention and to enforce it if it is accepted by the principal Powers."

Eden and Cranborne will presumably leave London Sunday for Geneva. If on their initiative they inquire as to our attitude I could then show them our draft and give them an opportunity to take a similar position or to use the same type of argument with respect to the bearing of economic factors on disarmament. I cannot, of course, be aware of the full situation from your point of view but think it well to ask you to consider what is presented above before reaching final decision.

WILSON

500.A15A4 Steering Committee/550 : Telegram

The Acting Secretary of State to the Minister in Switzerland (Wilson)

WASHINGTON, May 24, 1937—5 p. m.

517. Your 49, May 21, 6 p. m. from Bern.

1. As far as publicity of expenditure is concerned, there has been no change in our attitude as previously expressed.
2. We agree that it would be preferable for you yourself to discuss the draft speech with the British, and approve your suggestion of awaiting an initiative from Eden or Cranborne.

WELLES

500.A15A4 Steering Committee/556 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, May 27, 1937—7 p. m.

[Received 7:30 p. m.]

1083. Stevenson³⁹ under instructions from Eden called today to show me draft of what Cranborne will say in the Bureau. While showing frank skepticism of any practical results, the speech advocates in lukewarm terms that the Bureau request the Secretary General to send the draft of convention on budgetary publicity to the members of the Disarmament Conference "past and [present]" and ask them whether they are ready to accept the principle and put into force a convention on those lines.

I had talked to Massigli last night and had gathered the impression that the French program was not yet definite. Stevenson, however,

³⁹ Ralph C. S. Stevenson, Acting Counselor, British Foreign Office.

tells me the French delegation met this morning and determined upon the advocacy of program which he summarized as follows:

"1. The French Government desire that the Bureau should lay down a programme of work comprising three elements:—(a) budgetary publicity, (b) control of arms manufacture and trade, (c) limitation air armaments.

2. In the event of an unfavorable reply being received from Germany and Italy or other powers to any question which the Bureau might put to them regarding budgetary publicity, the French Government desire, nevertheless, to proceed with the examination of the existing draft convention on that subject and its adaptation for eventual application."

I then showed Stevenson our text. After reading it he said that he wished heartily that the British delegation could do exactly the same thing. There was little pressure on the British Government to urge any steps in disarmament at the time. Unfortunately, however, their representative in the Third Committee last September had spoken about publicity or budgetary expenditure and they were reluctant to seem to recede from a position which they had taken publicly. Nevertheless, he said he was going to talk to Eden as to the possibility of modifying their speech to harmonize more with our ideas.

WILSON

500.A15A4 Steering Committee/557 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, May 28, 1937—noon.
[Received May 28—7:43 a. m.]

1084. Supplementing my 1083, May 27, 7 p. m., Eden told me last night that after talking to Stevenson he had given orders to amend the British draft speech in a sense more in conformity with ours but would still have to say that Great Britain was willing to put into effect publicity on national defense expenditure if the other powers so desired.

WILSON

500.A15A4 Steering Committee/558 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, May 31, 1937—10 p. m.
[Received May 31—9 p. m.]

1085. Bureau of the Disarmament Conference adjourned this evening after adopting a resolution⁴⁰ which, after noting among other

⁴⁰ League of Nations, Conference for the Reduction and Limitation of Armaments, Geneva, *Minutes of the Sixty-Third and Sixty-Fourth Meetings of the Bureau* (Conf. D. 177), p. 15.

things that the "general political and economic situation is not at present such as to ensure the success of a resumption of the work on all the questions forming part of the Conference's programme", provides:

1. That the text of the draft convention on budgetary publicity and the establishment of a permanent disarmament commission shall be communicated to all governments which "are or have been represented" at the Conference with the request that they inform the Secretariat whether they are prepared in principle to accept a system of publicity based on the convention;

2. To hold a further meeting of the Bureau for the purpose of considering the replies from the governments, discussing the draft convention on budgetary publicity and deciding upon appropriate measures at a date to be fixed by the League Council;

3. To instruct the Secretariat to collect and communicate to members of the Bureau information regarding the present status of the national control of the manufacture of and trade in arms.

In the course of the debate the majority of speakers took position with us that the time was not ripe for a resumption of the Conference in any serious [manner?]. There was no disposition on the part of any delegation to go beyond the French proposal for budgetary publicity combined with the permanent disarmament commission and the French readily accepted the British suggestion that the proposal should be communicated for consideration to all present and past members of the Conference. The so-called "Northern States" whose spokesman was Westman of Sweden also feel certain in [apparent omission] with this method although they reserved the right possibly to conclude a regional agreement bearing on budgetary publicity and the control of the manufacture of and trade in arms.

Aside from reading our statement,⁴¹ which was commended by several delegations, including the British, for its realism, I intervened in the debate only once in order to express regret that a first text of the preamble which seemed more nearly to reproduce our views, had been replaced by a second and somewhat weaker text. I was supported by the Norwegians and Japanese and on the proposal of Lord Cranborne the text was amended so as to specify that the general political and economic situation was not such as to ensure the success of a resumption of the work of the Disarmament Conference, the words "political and economic" being added. The full text of the resolution will be forwarded by registered mail.

As you will see the resolution is one of pure form and will require from us only a letter in reply to a communication from the Secretary General provided for under point 1. Personally I should have preferred no action at all by the Bureau as a more honest admission of

⁴¹ *Infra.*

the situation but I found a very general desire for some such innocuous adulterating as was taken.

WILSON

500.A15A4 Steering Committee/565

Address by the Minister in Switzerland (Wilson) Before the Bureau of the Disarmament Conference at Geneva, May 31, 1937

It is with mixed emotions that we meet today, after a pause in our work which has lasted more than two years. Much has happened: We have passed through crises that have left a feeling of tension throughout Europe, we have seen nations tend to revert even further into the shell of economic nationalism; and most of us, far from reducing our armaments, have felt called on to make large increases. The result is a burden of capital expenditure that makes the need of disarmament more and more imperative. We realize more clearly than ever the necessity of reaching the goal we set ourselves,—the limitation and reduction of armaments,—and yet at the same time we are realists enough to recognize that we are in a vicious circle which must be broken at some point before we can profitably resume active negotiations. The absence of at least two great Powers from our midst would render much of our work illusory, and an apparent determination throughout most of the world to carry through given arms programs gives little promise for an early reversal of policy.

In reviewing the past few years my Government feels that one of the principal causes for our lack of success was the fact that during the very period when the nations were seeking agreement to reduce military armaments they were not at the same time adjusting their political differences, and furthermore making adjustment more difficult through an increase in economic armaments. Many of us feel that we have hitherto been attempting to segregate one of several interdependent problems and have tried to solve the problem of armaments without concurrently attempting the solution of the others. May we not even have erred in attempting to attack the effect while disregarding the causes? As to the political problems involved, we are not primarily concerned and I do not propose to make observations on this subject, but as to the economic causes my Nation is deeply interested with you all, and I consider this a useful occasion in which to present its views.

So long as nations seek to stifle trade or artificially divert it from one customer to another, so long as they close natural markets by excessive restrictions and diminish the sum total of world trade by bilateral balancing, so long as they subsidize hopelessly uneconomic supplies of raw materials and penalize at one and the same time their

own consumers and their natural foreign sources of supply, so long as the efficacy of existing restrictions must be maintained by further and more stringent restrictions—so long, I say, as these things continue, a sense of insecurity arises which today is being answered, without being allayed, only by military preparation. Is it too much to believe, if trade were freed of its excessive impediments and whole populations as a result were given a chance to produce marketable commodities, that internal conditions would improve and the urge to nonproductive military expenditures would be allayed. The world must be changed from a war economy to a peace economy. Let us bear in mind this phase of our problem and let us urge on our Governments renewed efforts to alleviate this basic cause of present-day excessive armaments.

My Government believes that the day will soon come when we can, and must, make another move forward in our task, and when it comes, let us see that this time our work is crowned with success. Already there are some signs that a more favorable atmosphere exists and that there is a growing appreciation that something constructive must be done. Meanwhile, let us keep our organization intact, even if for a while inactive; let us do nothing to impair its usefulness for although the Conference has not arrived at concrete agreements, it has done a vast amount of preparatory work which can be capitalized when the moment comes to go forward.

We should know that when circumstances favor it, we can meet again without delays owing to having to organize a new conference, and that we are casting aside neither the work done nor the experience gained. In short, I believe that the sense of this meeting should be against its embarking at the moment on active negotiations but for standing ready to renew them the instant an appeasement in the field of economic armaments justifies a new political approach.

500.A15A4 Steering Committee/570

The Minister in Switzerland (Wilson) to the Secretary of State

No. 5008

BERN, June 23, 1937.

L. N. No. 3611

[Received July 6.]

SIR: I have the honor to transmit herewith a communication (Conf. D./C. L. 16)⁴² addressed to you on June 19 by the Acting Secretary General of the League of Nations, together with its annex, the resolution adopted by the Bureau of the Conference for the Reduction and Limitation of Armaments on May 31, 1937,⁴³ and, under separate cover, document Conf. D./C. G. 160 (1), entitled, "Publicity of Na-

⁴² Not printed.

⁴³ See telegram No. 1085, May 31, 10 p. m., from the Minister in Switzerland, p. 18.

tional Defence Expenditure: Draft Convention prepared by the Technical Committee of the National Defence Expenditure Commission”.

It is requested in the communication transmitted herewith that information as to whether the United States Government is prepared, in principle, to accept a system of publicity based on the Convention referred to above, be sent to the Secretariat before September 1, 1937.

Respectfully yours,

For the Minister:
DONALD F. BIGELOW
Secretary of Legation

500.A15A4 Steering Committee/572

The Secretary of State to the Chargé in Switzerland (Bigelow)

No. 4144

WASHINGTON, August 18, 1937.

SIR: You are requested to transmit to the Secretary General of the League of Nations, in his capacity as Secretary General of the Conference for the Reduction and Limitation of Armaments, the following note in reply to his note of June 19, 1937: ⁴⁴

“The receipt is acknowledged of your note, dated June 19, 1937, forwarding a copy of the Resolution adopted by the Bureau of the Conference for the Reduction and Limitation of Armaments on May 31, 1937, and requesting to be informed before September 1, 1937, whether the Government of the United States of America is prepared, in principle, to accept a system of publicity of national defense expenditure based on the Draft Convention prepared by the Technical Committee of the National Defense Expenditure Commission of the Conference for the Reduction and Limitation of Armaments.

“In reply the Government of the United States of America, while reserving its position in full with regard to the Draft Convention referred to above, is prepared to renew its acceptance of the actual principle of budgetary publicity and to accept as a basis of discussion a system of publicity of national defense expenditure in accord with the principles enumerated in the aforementioned Draft Convention.

“In accepting the principle of publicity for national defense expenditure, the American Government wishes to make two observations.

“(1) It has been the consistent practice of the American Government to publish the particulars of all expenditures made for national defense and, in addition, it has furnished each year complete statistics for publication in the *Armaments Year Book* of the League of Nations. Expenditures made by the American Government for armaments are open to public scrutiny; the principle of budgetary publicity is in practice applied by the United States.

“(2) The United States reiterates its firm understanding that any agreement which may result with regard to one phase of the comprehensive problem of disarmament must be regarded as a complementary measure, a corollary, to a direct general reduction of armaments. The increasing burden of armaments, due to a failure on the part of nations directly concerned to find a solution of questions of a political

⁴⁴ See despatch No. 5008, June 23, *supra*.

or economic nature, makes the need for a reduction of armaments more than ever imperative, and my Government believes that the day must soon come when the Governments of the world can, and must, make another move forward in the direction of a limitation and reduction of armaments. In the meantime, pending a solution of basic economic and political problems, and until the moment when the efforts of the nations of the world to reach a general settlement of the armaments problem may be crowned with success, it is the view of the American Government that partial agreements should be approached with caution and only upon assurance that they would not accentuate existing differences of points of view and that all countries would be willing, ultimately, to accept their provisions.”

Very truly yours,

For the Secretary of State:
SUMNER WELLES

500.A15A4 Steering Committee/575 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 17, 1937—2 p.m.
[Received September 17—10:55 a.m.]

1086. A report communicated to the Council on September 14 outlines the status of arms limitations resulting from the resolution of the Bureau meeting of May 31. It states that definite replies have been received from 16 governments, including Great Britain, France and Japan. Germany and Italy have not replied.

The report concludes:

“As the number of replies received up to the present is not very considerable, I would propose that the Council should, for the moment, limit itself to taking note of the present report and adjourn to its next session the question of the date of the next meeting of the Bureau.”

The “next session” refers to that of the Council as it will be constituted after the impending election of new members. It is expected the Bureau will meet at the end of this Assembly session to consider the replies received in accordance with paragraph (2), Bureau’s resolution of May 31, 1937.⁴⁵

BUCKNELL

⁴⁵ An insufficient number of replies having been received, the Council did not take any decision to fix a date for a subsequent session of the Bureau.

ANALYSES AND REPORTS OF GENERAL POLITICAL DEVELOPMENTS IN EUROPE AFFECTING THE MAINTENANCE OF INTERNATIONAL ORDER AND THE PRESERVATION OF PEACE

Increasing Pessimism Regarding the Continuance of Peace; Fruitless Efforts to Effect a New "Western Locarno" Agreement; Deterioration of Security in Central and Eastern Europe; Question of Return of Former German Colonies; Gestures Toward Restoration of Anglo-Italian Cordiality; German Offer of Assurances With Respect to Inviolability of Belgium and the Netherlands; Continuation of Anglo-French Accord

740.00/95½

*The Ambassador in Poland (Cudahy) to President Roosevelt*¹

WARSAW, December 26, 1936.

DEAR MR. PRESIDENT: I went from London and stayed with Bullitt² in Paris, saw Dave Morris³ in Brussels, and then went to Berlin where I found Dodd⁴ laid up with a cold and talked to him while he was in bed. He finds the winter humidity of Berlin very trying and suffers a great deal, he told me.

Everywhere there was a persistent rumor that you contemplate some sort of move in furtherance of peace in Europe and I hope this rumor is not true unless you intend to act under certain conditions precedent. I am certain a Wilsonian pronouncement in favor of peace while it would create a great stir would be forgotten in two weeks' time. Also any attempt to assemble the leaders of European States for a statement of their objectives and grievances would result in nothing but propaganda and recriminations and would leave things worse than before.

Really to bring about any tangible results it will be necessary to diagnose the cause of existing conflicts and propose a program which will eliminate this cause. Otherwise your present great prestige in Europe will be greatly diminished and your usefulness as a future arbiter.

Germany is the outstanding threat. The whole impulse of the country is war preparation. The economy is a war economy and if this

¹ Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

² William C. Bullitt, American Ambassador in France.

³ American Ambassador in Belgium.

⁴ William E. Dodd, American Ambassador in Germany.

were suddenly stopped, from four to six million people would be thrown out of employment. But it must be stopped or the end is a certain conflict. About ten days ago Hitler and Goering⁵ assembled the leading industrialists and told them that they must regard the present state of the country as if it were at war. If they failed heads would roll. Hitler is said to have become so violent that several who heard him had grave doubts concerning his sanity.

Germany is in a bad way economically and faces a hard winter with a prospect of genuine privation. There is a shortage in grains 20 per cent. of last year's consumption. Moreover consumption must be greater because of the pronounced shortage in fats. Already the people are being rationed on fats and dairy products which many think is the beginning of a drastic curtailment in free consumption of other food.

This lowering standard of living has been brought about because of the failure to find markets for German exports and the limitation of German imports to those materials requisite for war preparation. As suffering becomes more acute the people will grow discontented and there will be evidence of social unrest unless they are offered some compensation. Such compensation should be another dramatic stroke for the enhancement of German world prestige with a resultant prospect of a better life. If you will examine the record since the beginning of the Nazi regime you will find that almost each six months there has been such a dramatic stroke by Hitler. Some of these strokes have been fraught with great peril of war, such as the one nine months ago when the Rhineland was militarized, but the nature of Hitler's leadership is a daring one and having gambled successfully so far it is only reasonable he will continue his same audacious international policy.

The ultimate issue is between Germany and Russia, not between Communism and Fascism or between forms of government and political philosophies but between the intense internationalisms of Germany and Russia. Here is a proud, capable, ambitious and war-like people who are denied a full and happy life while on the same continent the Russians, crude and uncouth, three hundred years behind present day civilization, are in possession of the wealth of an empire. The day of reckoning is coming on this issue—it is only a question of time—that is the ultimate issue.

What the immediate issue will be no one can tell or when it will arise. Some say Danzig or Memel. It seems more probable to assume that next spring when a probable social conflict will occur in France Hitler will, as he has in the past, take advantage of this and move into Bohemia with its four millions of Germans. The danger will

⁵ Field Marshal Hermann Goering, German Minister for Air.

then not come from France despite its obligations to the "Little Entente" but it may well be that the ultimate enemy, Russia, will decide that the time has come to resist the inevitable German assault. It will be improbable that such a war can be confined to the East of Europe.

The future looks dismal, unless something can be done to relieve the economic condition of Germany, in return for its assurance to stop or diminish its great rearmament program. The recent speeches of both Eden⁶ and Blum⁷ had this thought as their inspiration. The question is what can be done? A prominent French journalist in Berlin told me that the French Ambassador there had a definite program and asked me to discuss it with him. Of course I could not do so but I shall write Bill Bullitt to take it up with the French Foreign Minister in Paris. This same journalist spoke about credits on the part of France and Great Britain and more broad trade opportunities for Germany with these countries. But it is hard to see how France can lend abroad any substantial sum, for financial people say that they do not see how the French Government will be able to finance itself after February. Nor is there anything to indicate that Great Britain is ready to accept a flood of German imports even if France is willing. As far as we are concerned Germany owes us three billion marks on private credits upon which no American investors, with the exception of those holding the Dawes and Young loans,⁸ can get payment in dollars.

But all these questions are for the experts. All I have written is only to emphasize, Mr. President, that, in my opinion, it would be a grave mistake to attempt any mediation or peace suggestion in Europe at the present time without first having a definite program for the improvement of conditions in Germany. Furthermore any discussions should, in my opinion, be conducted in greatest secrecy. Nothing should be known until the program is ready for execution. Then and not before can a proposal be made for the future peace of Europe.

Respectfully yours,

JOHN CUDAHY

740.00/95½

*President Roosevelt to the Ambassador in Poland (Cudahy)*⁹

[WASHINGTON,] January 15, 1937.

DEAR JOHN: Your letter of December twentieth [*twenty-sixth*] is extremely interesting and your conclusions go along very largely with

⁶ Anthony Eden, British Secretary of State for Foreign Affairs.

⁷ Léon Blum, President of the French Council of Ministers.

⁸ See *Foreign Relations*, 1924, vol. II, pp. 1 ff., and *ibid.*, 1929, vol. II, pp. 1025 ff.

⁹ Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

mine. Acting Secretary Moore has felt that the acute crises recurring every few months can continue to be tided over—I hope he is right but the fundamental economic evils of the situation grow worse and that means greater difficulty each time a new diplomatic crisis arises.

Do not believe rumors that I contemplate any move of any kind in Europe—certainly under conditions of the moment.

I wish you would write me your thought on the military ability of Poland and of Czechoslovakia to defend themselves against Germany in the event of aggression—also your thought on the economic future of both these countries for the next five or ten years, assuming that no war breaks out.

Congress has convened and I have startled them once or twice—more startles to come—but it is just as well to get them in early and then let the session run its course.

As ever yours,

[File copy not signed]

740.00/99 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

[Extract]

PARIS, January 20, 1937—10 p. m.

[Received January 21—11:55 a. m.]

79. In the course of a long conversation Blum said to me today that on the 24th of this month he would make an important speech dealing with peace in Europe. He asserted that he had had no intention of making such a speech but that the press of the entire world had announced that the speech would be forthcoming and he felt it would produce an unfortunate effect if he should not live up to the expectation.

He added that he felt the moment was not an unpropitious one for such a speech. François-Poncet¹⁰ after his return to Berlin had had a most amicable conversation with Neurath¹¹ who had been profuse in his assertions that Germany desired nothing but peace.

Blum commented that the most difficult thing in dealing with Germany was to know whether or not Neurath, or Schacht,¹² or anyone else really spoke for Hitler. He said that it was impossible for Poncet to see Hitler frequently and that he understood the other Ambassadors in Berlin were equally unfortunate. Hitler at the present time was spending nearly all his time at Berchtesgaden and seemed to have no

¹⁰ André François-Poncet, French Ambassador in Germany.

¹¹ Baron Constantin von Neurath, German Minister for Foreign Affairs.

¹² Hjalmar Schacht, German Minister of Economic Affairs and President of the Reichsbank.

real intimates who knew his mind. Neither Goering, Goebbels,¹⁵ Neurath, Schacht was really close to him.

Blum said that Neurath had stated to Poncet that he felt any real reconciliation between France and Germany must be prefaced by a settlement of the Spanish conflict¹⁶ and that Germany desired settlement sincerely. Blum said that he was in entire accord with Neurath's opinion that an accord on Spain must be the gateway to larger agreements. He had instructed Poncet, therefore, to go slow for the moment. Poncet would continue the conversations for the conclusion of a new Franco-German trade agreement and in the course of those conversations would explore the possibilities with regard to larger economic cooperation and limitation of armaments but would make no grand scale proposals until the situation in Spain had improved.

Blum then went on to say that he was not altogether without hope with regard to settlement in Spain. He felt that the Germans and the Russians as well were beginning to lose their taste for supporting the rival governments in Spain. It now seemed not impossible to reach an agreement to close all the frontiers of Spain to further shipments of war supplies and "volunteers". He hoped the second step then would be the withdrawal of all "volunteers" now in Spain. Blum stated that he was in entire agreement with François-Poncet's point of view with regard to *rapprochement* between France and Germany reported in my No. 50, January 13, 5 p.m.¹⁷

Blum said that he felt there were two new factors in the general situation. The British aviation program was going faster than even the British had hoped; and the Germans had discovered through experience in Spain that the motors of their airplanes were far inferior not only to those of the Italian planes but also to those of the Russians.

He stated that his military experts insisted that the finest bombing planes in the world today were the Russian.

In this connection he said that he had information from Italy which he believed to be authoritative to the effect that Mussolini had promised Goering to supply Germany with a certain number of airplane engines. (He added that the German artillery in Spain and especially the German anti-aircraft guns were considered by the French observers to be superior to anything similar possessed by any country.)

Blum said that he did not know how the question of Alexandretta would be settled.¹⁸ It was extremely complicated because of the hos-

¹⁵ Josef Goebbels, German Minister for National Enlightenment and Propaganda.

¹⁶ See pp. 215 ff.

¹⁷ Not printed.

¹⁸ Franco-Turkish treaties were signed later at Geneva, May 29, 1937; League of Nations, *Official Journal*, November 1937, p. 837.

tility of the Moslems of Syria to the Turks. He talked, however, in a most friendly way about Turkey, said that he realized the Turkish position was based on fear that Mussolini might at some future date attempt to take Alexandretta, and did not seem disturbed about the matter.

BULLITT

740.00/100 : Telegram

The Ambassador in the Soviet Union (Davies) to the Secretary of State

Moscow, January 20, 1937—11 p. m.

[Received January 20—9:15 a. m.]

12. To the President and Secretary Hull or Judge Moore.¹⁹ A few hours before departure from Berlin I had most unusual visit with Schacht. It was expressly personal and specifically unofficial. Because of its unusual frankness and the explicitness and comprehensiveness of its character the writer concluded to forward information by cable.

Schacht expressed the greatest admiration for the extraordinary abilities and powers of President Roosevelt in domestic matters and expressed the hope that these powers might be used for the preservation and establishment of world peace. He stated the following: that the present condition of the German people was intolerable, desperate and unendurable; that he had been authorized by his Government to submit proposals to France and England which would (1) guarantee European peace; (2) secure present European international boundaries; (3) reduce armaments; (4) establish a new form of a workable League of Nations; (5) abolish sanctions with new machinery for joint administration; all based upon a colonial cession that would provide for Germany an outlet for population, source for foodstuffs, fats and raw material; such cession of colonies to be by joint agreement of other powers and with colonies themselves; that France (Blum) was surprisingly agreeable thereto in principle and suggested that France approach England; that England flatly rejected the proposal; that he had tried to secure opportunity for informal discussions with the English Foreign Office but the overture was rejected.

Schacht earnestly urged that some such feasible plan could be developed if discussions could be opened; and that if successful would relieve European war menace, relieve peoples of enormous expenditures for armament, restore free flow of international commerce, give

¹⁹ R. Walton Moore, Assistant Secretary of State.

outlet to thrift and natural abilities of his countrymen and change their present desperation into future hope; that resulting therefrom the present artificial barriers of international commerce would be broken down and revision of currency control and other reforms would automatically follow.

Schacht stated that he hoped the President would call an international conference in Washington.²⁰ To this the writer suggested that possibly the President would be indisposed to become entangled in these matters unless there was some assurance of success. Schacht suggested that the conference should not be called unless situation had been practically agreed upon in advance; that matter for discussions should be used only as ancillary to the general purpose and as a cap to the whole arrangement; that the conference if called should not be called an "economic conference" but a "peace congress" or some such words.

Writer stated that in frankness he should observe that while peace loving people of the world sympathized with the straits of the German people, that there was nevertheless apprehension arising out of past aggressive acts, speeches (Nuremberg) and other publications that militarism, regimentation, persecution of races and religions indicated not a spirit of peace but a lust for conquest and domination. Schacht earnestly, and I believe sincerely, rejoined that these recent manifestations were simply an effort to restore the morale of the German people after years of disappointment as a democracy in its negotiations with powers for 12 years and "were the manifestations of the desperation and terrible plight of a people bottled up and being economically starved in a world of plenty." He intimated that armaments and the like were really trading stock to force a measure of justice upon realistic and selfish nations who had been enemies of his people.

In conclusion Schacht expressed greatest admiration for the President's Buenos Aires speech²¹ and the splendid results of Secretary Hull's conference there.²²

The writer did not have the opportunity to advise Ambassador Dodd of the foregoing before leaving. Prior thereto the writer had reported directly to Ambassador Dodd as follows.

The writer had several conferences with old friends in the German Foreign Office and through them met some of the other official technical experts. The purpose of these discussions was to obtain some information upon the Spanish situation. From each the writer obtained the same view, namely, that the Spanish crisis was over, that both outside and inside Spain all parties were generally agreed that it should be a Spanish internal problem and should not be settled by

²⁰ See pp. 665 ff.

²¹ Department of State, *Press Releases*, December 5, 1936, p. 423.

²² See *Foreign Relations*, 1936, vol. v, pp. 3 ff.

outside interference, through volunteers or otherwise, and that as a menace to European peace, the crisis was over. In the opinion of the writer the face saving process for Hitler was in progress and that the policy of withdrawals from Spain had been agreed upon at least as a policy to be aimed at. Further the opinion was unanimous that the peoples of Europe did not want war. It was significant that this expression came from official sources.

Ambassador Dodd was most courteous and helpful.

DAVIES

740.00/104 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, January 25, 1937—3 p. m.
[Received January 25—2:40 p. m.]

378. Conversations here both with British and French have clarified in my mind the policy which the two Governments may be expected to adopt in regard to Germany.

In his recent series of speeches Eden has embodied his philosophical conception of modern democracy with the intention of making clear to the British public his attitude toward the Continent and particularly towards Germany. This attitude may be summarized in a series of points: (a) No organization or combination to threaten Germany; (b) commitments by Great Britain to perform such acts only as the British Cabinet is convinced the public will carry through at a moment of crisis; (c) such commitments to be unequivocal and visible; (d) no further piecemeal concessions to Germany in the hope of appeasing the appetite of that country; (e) an open willingness to treat Germany's needs with the utmost generosity if and when the German Government indicates a disposition to enter into real cooperation with the states of Europe and make a thorough-going agreement which will guarantee the peace of Europe.

It appears that Blum had under consideration further piecemeal concessions to Germany. For that reason Eden stopped in Paris to expound to him the British conception which lay behind Eden's declarations. My informants were convinced that Eden had impressed Blum, and the latter's speech yesterday in Lyon seems to confirm this idea.

This vigorous British leadership is the result of that return to self-confidence in Great Britain which I analyzed in my despatch 4731, December 21, 1936,²³ and is probably indicative of the guiding principles that will determine the relations of Great Britain and France towards Germany, at least for the immediate future.

²³ Not printed.

The British apparently have reached the conclusion that until the German Government is impressed with the necessity of cooperative action and until it is willing to forego that complete autarchy which now governs its policy, further concession is not only useless but even contributes to the maintenance of the present German self-insulation.

WILSON

760C.6212/42

The Ambassador in Poland (Cudahy) to the Secretary of State

No. 1470

WARSAW, January 27, 1937.

[Received February 13.]

SIR: I have the honor to report, as of possible interest to the Department, an evaluation of existing Polish-German relations based upon developments since my departure from Warsaw on leave May 25, 1936.

The most significant of these developments have been the friction over Danzig and the recent French loan to Poland (despatch No. 1449, January 16, 1937²⁴).

Any appraisal of existing Polish-German relations must proceed from the Declaration of January 26, 1934,²⁵ which committed Germany and Poland to adjust any controversial matter between them by "peaceful means". This neutrality measure was, it will be remembered, construed in France and by the foreign press generally as inimical to France and as a weakening of the Franco-Polish Alliance. It was in fact asserted during the months which followed the ratification of this treaty that Poland had concluded a political alliance with Germany and this Embassy received several confidential communications from other American Missions stating, upon assurances of high authority, that Poland had turned away from France and had become an ally of Germany. Such assertions were made more persuasive by the embarrassing overtures of German friendship, such as the visits to Poland of Goebbels, Goering, von Ribbentrop,²⁶ and other personages high in the councils of the Nazi Party. But this Embassy consistently took the position that the Declaration of January 26, 1934, was in fact a negative treaty, a contract of peace between Poland and Germany; that it had no further connotation or implication, and that no unwritten agreement supplemented the treaty.

It will be remembered that the Declaration came as an abrupt surprise following incidents during the spring of 1933 indicative of

²⁴ Not printed.

²⁵ *British and Foreign State Papers*, vol. cxxxvi, p. 495.

²⁶ Joachim von Ribbentrop, German Ambassador at Large, visited Poland October 4-6, 1935.

strained relations between the two countries, one of the most significant of which was the reinforcement of the Polish garrison at the munitions depot of Westerplatte, situate on a peninsula at the entrance of the Danzig harbor. The depot had been established by the Poles because of the refusal of the Danzig port authorities to unload ammunition for the Polish army in the war of 1920 against the Soviets. Under existing treaties Poland was allowed to maintain 88 men to guard these munitions but owing to differences with the Danzig authorities the guard was increased to 200 on March 6, 1933. The Council of the League of Nations, in reviewing this action of reinforcing the guard, decided that existing treaties had been violated and, accordingly, Poland reduced the garrison to the number permitted. But though the incident was thus liquidated relations between Poland and Germany, none too friendly before this occurrence, were strained still further and the story was current that when Józef Lipski was appointed Minister to Germany in July 1933 he was given instructions by Piłsudski²⁷ to tell Hitler, in very plain language, that Poland was ready for war or peace; the choice was in the hands of the German Chancellor. This story has never been reported to the Department because, although it has been admitted in general outline by the Polish Foreign Office, this Embassy has never been in possession of concrete evidence regarding the statements made by the Polish Ambassador to Hitler. The Embassy was able to report, however, a conversation with Ambassador Lipski (despatch No. 410, September 6, 1934²⁸) in which he told me that only ten days elapsed from the beginning of negotiations until the formal execution of the treaty. The subject matter of the agreement was perfectly clear and authority rested in the hands of two men, Chancellor Hitler and Marshal Piłsudski.

It is easy to understand how Poland would accept any guaranty of peace with its powerful western neighbor and traditional enemy even if this guaranty were only for a limited term. Foreign Minister Beck has repeatedly stated that the essentials of Polish foreign policy are the maintenance of satisfactory relations with Germany and Russia and also the maintenance of a strict impartiality concerning any controversy between these two nations.

This, Beck has assured me, is his guiding impulse in the conduct of his office and this Embassy accepts this statement at its face value, not so much because of the Foreign Minister's emphatic words, but because the inherent logic of the situation demands a pliable neutrality on the part of Poland vis-à-vis Germany and Russia.

²⁷ Marshal Józef Piłsudski, Polish Minister of War.

²⁸ Not printed.

The only question in entering into a pact of neutrality with Germany, as far as Poland was concerned, was the good faith of the Reich. Hitler in *Mein Kampf* had written disquieting sentiments concerning the recovery of territory in Europe taken from his country by the provisions of the Versailles Treaty²⁹ but opposed to these was the fact that the Führer, a Bavarian,³⁰ did not emphasize Prussian ideology, and it is Prussia which has been since an early day the arch enemy of Polish liberty. Further the cardinal doctrine of Hitler's political faith was irreconcilable and belligerent opposition to Communism. The Poles, in estimating the friendship of Hitler, reasoned that if any government than that of the Nazis controlled Germany it would be a government of Communism and sandwiched in between the Communism of Russia on the East and of Germany on the West, the existence of Poland might well be a precarious one.

It would seem that the purposes of Germany in concluding the neutrality agreement with Poland were: To avoid the "preventative war" which Piłsudski threatened; to weaken Polish foreign relations, specifically the Franco-Polish Alliance; and to make use of Poland as a buffer state, an Eastern flanking force against Russia.

The first of these objectives has lost its significance by the great increase in German armament since January 1934 which has given Germany a feeling of military superiority over Poland. Also the purpose of alienating Poland from France has failed for the French loan which culminated in the enthusiastic Paris reception of Śmigły-Rydz³¹ in September 1936, and the close cooperation between the French and Polish General Staffs which followed, indicates that relations with France are now more friendly and more satisfactory than at any time in recent years.

The third goal of the January 26, 1934 Declaration, to-wit: that of cultivating the friendship of Poland as a flanking force against Russia, has been more successful than the others and this mutual opposition to Communism is, in the opinion of this Embassy, the controlling force which sustains the adherence of Germany and Poland to the neutrality pact.

Nor has this ruling motive been weakened by the failure of Poland to become a party to the German-Japanese Anti-Communitic Pact.³² There is no evidence that Poland was ever asked to join this agreement against Communism although the British Embassy considered the possibility eminent enough to ask Colonel Beck about the matter. Beck's reply was a denial to the British Ambassador on November

²⁹ Signed June 28, 1919, *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, p. 55.

³⁰ Adolf Hitler was Austrian by birth.

³¹ Marshal Edward Śmigły-Rydz, Inspector General of the Polish Army.

³² See *Foreign Relations*, 1936, vol. I, pp. 390 ff.

27, 1936, of participation or contemplated participation. Recently in discussing this subject with Mr. Nobubumi Ito, the Japanese Minister, he told me he had seen the Polish Foreign Minister shortly after the conclusion of the Anti-Communist Pact and had never thought it worth while even to mention the subject of the pact to Colonel Beck. He said that it was not reasonable to think that Poland could even consider any act so openly hostile to the fundamental philosophy of the Soviet Government. "Only a powerful country could afford to enter into such an undertaking," the Japanese Minister added significantly.

Although it maintains correct diplomatic demeanor towards its neighbor to the East, Poland combats Communism at every turn and mutual opposition to Russian Communism is the foundation of existing cooperative relations between Poland and Germany. This abiding mutuality should continue to sustain a common defensive front despite serious conflicting differences. Among these differences it should be remembered that all the German territory on the continent of Europe lost by the defeat of Germany in the War, with the exception of Alsace-Lorraine, Eupen-Malmédy, and Schleswig-Holstein, is now incorporated within the frontier of Poland; nor is this melancholy loss forgotten by Germans as witness *Mein Kampf* and the speech of Dr. Hjalmar Schacht at Frankfurt on December 9, 1936, in which the German Minister of National Economy stated in a text given me by the German Ambassador that Germany had, by reason of the Versailles Treaty, been deprived of 15.4 percent of its cultivated land; that if it still had its pre-war boundaries Germany would never have to contemplate a food shortage. These remarks taken as a threat of territorial revision at the expense of Poland produced lively retaliatory comment in the Polish press. And the construction of Dr. Schacht's speech is indicative of the precarious tenure from a Polish viewpoint of the Poznań agricultural area, the large industrial region of Silesia, and the "Corridor". All intelligent Poles believe that Germany covets this pre-war German territory but as several have said to me in effect "the Declaration is a truce for a few years and that is enough cause for gratitude".

The anomalous position of Danzig, purely German in character, with more than 96 per cent. of the population German, presents another constant source of friction brought into sharp focus by the political domineering methods of the Nazi Party in the Free City. The difficulties which have arisen in Danzig during the past six months are merely recurrences in a different form of basic German and Polish national antipathy. Danzig presents a strange spectacle of divided jurisdiction, a conception of the Middle Ages where there always will be endless conflict to be liquidated only by complete rehauling of the entire governmental structure.

Another cause of disturbances between Poland and Germany is the situation in Upper Silesia. The Voivode, Dr. Michał Grażyński, makes the most of his almost unlimited autonomous authority to make life miserable for German residents, and under his leadership the "Polonization" of this rich industrial region has gone on with vigorous, ruthless despatch. This Embassy has, in a number of despatches, reported the loss of German capital by Polish confiscatory tax methods and the coercive measures which have forced many Germans out of work in Upper Silesia. During my first month's residence in Poland I was at a shooting party given by the President near Cieszyn with Herr von Moltke the German Ambassador who, in a surprising outburst, told me that the situation in Upper Silesia violated "every principle of justice" and strained his patience to the breaking point. The openly hostile discriminatory tactics of Polish governmental authorities toward German industry and German residents in Upper Silesia have for many years been the cause of much tension between the German and Polish Foreign Offices.

In the face of peaceful professions an example of the alert attitude of Germany is the new regulation of the Reich Air Ministry of January 6, 1937, prohibiting the flight of airplanes over a quadrangular territory between the Oder and the Warta near the Polish border, roughly bounded by Landsberg, Crossen, Dresden, and Züellichau. The effect of this regulation is to force airplane traffic between Warsaw and Berlin to detour in order not to pass over the quadrangle mentioned. The territory in question is situated on the German side of the Polish-German border where that border most closely approaches Berlin and would be on the direct route of march of any army attacking the capital of the Reich from the East.

Trade should bring the two countries into closer harmony. Before the trade war of 1925 it will be remembered that as much as 50 per cent. of Poland's foreign trade was with Germany and it was hoped after March 15, 1934, when this war ended, that much of this former business might be regained. Even during the long period of tariff conflict, goods in excess of one billion zlotys annually were exchanged (1924—1,416,300,000 zlotys) and it was hoped that this figure might be doubled under the provisions of the new treaty. But this hope has not been realized, the imports of Poland from Germany in 1936 (January 1—November 30 inclusive—December statistics not available) being only 14.3 per cent. of the total Polish foreign trade aggregate 130,832,000 zlotys, while exports of 128,363,000 zlotys were only 13.8 per cent. of the total exports. Despite the great need of Germany for Polish livestock, grain, butter, eggs, and poultry, and the demand of Poland for German machinery, automobiles, and chemicals, the disappointing results achieved under the trade treaty are due to the incapacity of the Polish market to absorb the German products.

Nor is there any present prospect of increasing purchasing power on the part of Poland even under the most favorable reciprocal commercial agreements.

The Government's agreement ancillary to the Declaration of January 26, 1934, for the suspension by both countries of all hostile publications, cinemas, text books, et cetera, has almost from the beginning proved disappointing. Count Jan Szembek, Under Secretary of State in the Ministry of Foreign Affairs, told me recently that there was a growing feeling of distrust and hostility towards Poland reflected by expressions of public opinion in Germany which, according to him, was fostered by alien forces such as Communism unfriendly alike to Poland and to Germany. On December 23, 1936, while visiting the Polish Ambassador in Berlin he said to me that he was conscious of a much more unfavorable sentiment towards his country than that which had prevailed in Germany a year ago. And the German Ambassador in Warsaw told me recently that during the past six months he had become aware of a mounting hostility on the part of many Poles towards Germany. Yet despite the recrudescence of ancient traditional antagonisms, despite the troublesome problems of Silesia, Danzig, and the "Corridor", this Embassy believes that the broad purpose of the January 26, 1934, Declaration continues the definition of existing Polish-German relations. The animating spirit of this Declaration, it must be repeated, is the menace of a common enemy, the Communism of Russia. If Russia and Germany ever come to an amicable understanding this Embassy predicts that commitments pledged under the Declaration of January 26 will be strained to the breaking point for every thinking Pole vividly remembers the "Partitions"; believes that a Russia friendly to Germany and a Germany equally well disposed toward Russia will be the end of Poland. The hostility of Germany to Communism makes that dismal premise a remote one and there is no present prospect of Polish-German relations being weakened in this salient aspect of mutual opposition to Communism. Current indications of present friendly relations are the projected visit of General Goering to the Bialowieża forest on a shooting trip during the latter part of February 1937, as reported in the press and confirmed to me by the German Ambassador; also the conference of Colonel Beck with Minister for Foreign Affairs von Neurath on January 20, 1937 (despatch No. 1463, January 23, 1937²³) when the Polish Foreign Minister stopped off in Berlin en route to Geneva.

Respectfully yours,

JOHN CUDAHY

²³ Not printed.

740.00/115: Telegram (part air)

The Minister in Switzerland (Wilson) to the Secretary of State

BERN, February 4, 1937—6 p. m.

[Received February 6—6:30 a. m.]

17. In a conversation today Motta³⁴ stated that the last few months had shown in Europe a considerable diminution of danger of war. Danger still existed but there were numerous signs that the situation was less menacing than during the late summer and early autumn.

The Spanish affair, Motta said, seems much less provocative of international complication than formerly. Opinion is growing that the Spaniards themselves will settle this matter and that whichever way they settle it Europe will have to acquiesce.

Everybody knows, Motta added, that France and England are pacific-minded countries. Since the Ethiopian adventure³⁵ Italy has joined the camp of the "haves" as opposed to the "have nots". As to Russia, while he does not pretend to understand the real springs of its policy, nevertheless reports are persistent of increase of nationalistic local sentiment especially in the Ukraine. The struggle between Left and Right Communism as well is giving the Government preoccupation. Under the circumstances it is difficult to believe that the Soviet Government would risk a war. Therefore it should be classed also as a pacific power. There remains only Germany. The only conceivable war which Germany would wage would be an attack through Czechoslovakia on the Ukraine but an analysis of the situation seems to show that the consequences would be so bitter for Germany that it would not risk it.

Hitler's speech on Saturday,³⁶ Motta added, had at least a pacific tone and compared favorably in that respect with his former utterances. There was, however, no indication that Germany was ripe for a general discussion and Motta believed the time was not yet opportune for attempting to bring such discussion about. Motta felt that after a further passage of time the leaders in Germany might be in a state of mind to enter general negotiations.

I was struck with Motta's views as contained in the foregoing paragraph, particularly since the press both from France and England as well as from America bring suggestions that Hitler's speech might offer an opportunity for entering upon general discussion. I was impressed with Mr. Dodd's number 11, January 12, 8 p. m.,³⁷ to you from Berlin, but neither in that picture nor in Hitler's speech do I

³⁴ Giuseppe Motta, President of the Swiss Confederation and Minister for Foreign Affairs.

³⁵ See *Foreign Relations*, 1936, vol. III, pp. 34 ff.

³⁶ January 30.

³⁷ Not printed.

find evidence that the leaders of Germany are inclined to appraise economic considerations and international cooperation at the same value as the rest of the world. Although Schacht and the German Foreign Office unquestionably recognize such value, when the final word is spoken by the party leaders it is clear that the latter are still swayed primarily by needs of internal autarchy and by political considerations.

I hope that the analysis of British policy in my number 378, January 25, 3 p.m., from Geneva, is correct because I believe that that policy would be sound in respect to Germany. A comparison of Hitler's speech Saturday with his previous utterances shows, I think, a slow evolution in favor of better understanding with his neighbors. This may eventually make possible a meeting point although I do not believe that the meeting point is yet reached whether in respect to limitation of armaments, economic cooperation, or colonial aspirations. I pass over the so-called "political considerations" inasmuch as the leading article in the London *Times* of January 29 would seem to show, if it really represents British policy, that those considerations need not be overwhelming and that in the peaceful settlement foreseen by Great Britain the Franco-Russian pact and the Czecho-Russian pact will be superfluous.

Thus I hope that the British and French spokesmen will note favorably the moderation of Hitler's tone, that they will continue to hold out the prospect of a peaceful settlement and that they will show any sympathy they can for the German point of view. In this way the evolution of Hitler's thought may continue to such a point that he will recognize the advantages of European collaboration and himself make the offer which can initiate general discussion with real hope of success.

Cipher to Paris, Rome, Berlin, London.

WILSON

740.00/114 : Telegram

The Ambassador in the Soviet Union (Davies) to the Secretary of State

Moscow, February 5, 1937—4 p. m.
[Received February 5—11:50 a. m.]

31. Litvinov³⁸ has returned from Geneva and I called upon him yesterday. During the course of our conversation he said that he failed to understand why England and France were continually making overtures to Hitler. By sending out notes and questionnaires relating to Germany's attitude they were accentuating Hitler's impor-

³⁸ Maxim Litvinov, Soviet Commissar for Foreign Affairs.

tance and making him feel that he was realizing his ambition to be the dominating figure in Europe. Hitler's policy was still that outlined in his book *Mein Kampf* and he continued to be dominated by a lust for conquest. Great Britain should understand that if he once became master of the Continent he would swallow also the British Isles. The wisest policy for France and Great Britain to adopt with respect to Hitler would be to ignore him. I gained the impression that Litvinov was somewhat apprehensive lest there should be some composition of differences between France, Great Britain and Germany.

During a conversation which I had with Neymann³⁹ on February 1, he told me that he had learned from reliable sources that the Germans had divided the wars into which Germany might become involved into two categories, namely, all foreign and partly foreign wars. The latter category differed from the former in that they would be accompanied by civil wars in the countries which might be attacked. German military authorities had decided that Germany would not be prepared to engage in an all foreign war before 1938 but that if found advisable it could with possible success wage a partly foreign war during the present year. Czechoslovakia and Spain had already been classified as countries in which a partly foreign war might be waged and the recent trial had shown that with the aid of the Trotskiists Germany had hoped so to disrupt Soviet unity as to place the Soviet Union in the same category.

DAVIES

740.00/95½

The Ambassador in Poland (Cudahy) to President Roosevelt^{39a}

WARSAW, February 6, 1937.

MY DEAR MR. PRESIDENT: I have thought of you very feelingly these days with the strikes, the floods, and all the rest of your gentle worries. You must not bother to write us over here for I know how every minute of your time is taken up. You have many other things to do besides writing letters.

I anticipate your thought by the suggestion of a Polish-Czechoslovak alliance but the conception of such an understanding at the present time is entirely fantastic and unthinkable. Ever since I have been at this post the bad blood between the Poles and the Czechs has been one of the outstanding features of Polish international relations and a mutuality of interests between the two is as remote today as a working alliance between Russia and Germany.

³⁹ Alexey Fedorovich Neymann, Chief of the Third Western Political Division of the Soviet Commissariat for Foreign Affairs.

^{39a} Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

Poland is the poorest country in Europe and I must tell you very confidentially that I will be surprised if it can survive economically another ten years. The country is without natural resources, is overpopulated, has no definite economic or political policy.

With Czechoslovakia the economic situation is entirely different. This is a strong country from the viewpoint of resources and industrial development. In fact Czechoslovakia, in the absence of international complications should have a bright future. But to think of the Czechoslovak army, which has a standing strength of 200,000 and can marshal in time of war nearly 2,000,000 men, marching with a Polish army is fantastic. The feud between the two countries is of long standing and it grows worse instead of better.

Joe Davies ^{39b} came through here two odd weeks ago and I have been listening for "au secours" ever since. Perhaps it has been too cold. I think he is snowed in and frozen out.

Respectfully yours,

JOHN CUDAHY

740.00/126

Memorandum by the Minister in Norway (Biddle) ⁴⁰

[OSLO, February 19, 1937.]

In Norwegian Government circles it is generally felt that the present tense European situation will be liquidated within the next two years, either through statesmanship and diplomacy or by military force. This will be for two reasons: first, all the leading European nations will have completed their armament within two years, thereby neutralizing the advantage now held by the nations whose armaments are more advanced than others; and second, it is held here that beyond the next one and a half to two years, the peoples of the various heavily arming nations will revolt against their Governments' continued exhausting taxation for armament purposes. They will be no longer willing or able to bear the burden. The Governments are beginning to realize this, and it is felt that serious thought will soon be given to preparations to meet the situation. This, barring a war in the meantime, will cause these Governments, in self interest, to seek round-table discussions towards liquidating top-heavy armaments.

I beg to refer to my "Chart Showing Prices Paid for Dynamite-Glycerine (in Norwegian currency, 1884-1936)", forwarded by me May 8, 1936.⁴¹ As then pointed out, munitions manufacturing circles here regard this chart as a "war-tendency barometer". At date of my last years despatch, the price was approximately 130 ore per kilo. At

^{39b} Joseph E. Davies, American Ambassador in the Soviet Union.

⁴⁰ Copy transmitted to the Department by the Minister in his despatch No. 375, February 19; received March 13.

⁴¹ Despatch No. 176, not printed.

the turn of the year (1936-37) the price had advanced above 2 kroner. At this writing the price is approximately 3 kroner—a new high since the period 1918-19—and not a ton available for purchase. Until December it could be purchased with difficulty in Holland—but now, even that market is closed. Incidentally, the main Norwegian munitions plant has two years' supply on hand, at low cost. Munitions circles here look for this situation to continue thus for at least two years. They do not necessarily, however, look for a war in the interim, barring consequential incidents.

Norwegian business and other informed circles hold it will be difficult even to estimate what Britain's not having maintained an adequate defense has cost her in prestige, intra-Empire disturbances, current extraordinary defense expenditures under pressure, et cetera. In the aggregate cost over the past two years and the next two years, it is held that Britain must include financial accommodation and economic assistance to other nations—either to hold them as allies or hold them off as potential enemies, until Britain will have attained her own adequate strength in striking power. This will all be part of the price she must pay. Naturally she would like her friends and neighbors to contribute towards this "price"—but should they be unable or unwilling to do so, she will have to bear the burden herself—as her entire future is at stake.

Referring to my cable of December 11, 1936, to the Department,⁴² the following are excerpts:

"The following comprises the British long-term objective in foreign policy: Britain aims acting in capacity of honest peace broker towards eventual general European agreement envisaging German and Russian participation. Immediate objective: to break up Italo-German combination through action favorable to Italy (note: this was realized through subsequent Mediterranean Pact⁴³). In connection therewith, Vansittart's⁴⁴ conviction gaining credence in high British circles to effect: Germany should be regarded as Britain's potential aggressor; this warning has regard to British and German relative armed positions, whereby estimated peaks are attainable in two years and eighteen months respectively. British aim to block Germany's increasing alliances to south and west, thus hoping to get Germany eventually into general agreement—also to block Italy's grabbing bases near Gibraltar."

As regards Britain's holding off Germany until she can rearm, Norwegian circles see Britain now apprehensively looking at the German economic situation with a view to conceiving means to avert a breakdown and explosion.

⁴² Telegram No. 65, not printed.

⁴³ Agreement between the United Kingdom and Italy, signed January 2, 1937, League of Nations Treaty Series, vol. CLXXVII, p. 241.

⁴⁴ Sir Robert Vansittart, British Permanent Under Secretary of State for Foreign Affairs.

Generally viewed, the Spartan spirit has entirely replaced the Athenian, which fact works for the disadvantage of all Europe. In other words, a thoroughly military-minded generation tends to create a situation seething with potential repercussions.

Referring to my cable of December 19, 1936, to the Department,⁴⁵ the following are excerpts:

"Reliable sources inform me secret German-Russian conversations taking place envisaging cooperation at price of neutralization of Polish and Japanese fronts. This means Germany not to assist Japan against Russia and Russia not to assist Poland or France against Germany. British circles concerned lest this lead to war through Germany's getting free hand. Understand Russia would be prepared to tear up recent agreements if Germany would do likewise. Such arrangements would indicate Voroshilov's⁴⁶ aims overshadowing Litvinov's objectives. Though indications are reported to be of sufficiently definite character to cause apprehension in Scandinavian and British high circles, like all matters of such importance, the reported plan is subject to change or abandonment through terrific pressure which might be brought."

Since early December, 1936, rumors regarding the possibility of an eventual Russo-German *rapprochement* have come to me confidentially from four distinct sources: quarters here identified with British, Finnish, Polish and German high circles. Differing somewhat perhaps in detail, they nevertheless all point to the same possible outcome: an eventual Russo-German *rapprochement*. I was at first inclined to classify information to this effect, emanating from important and informed Finnish and Polish communicants in Oslo, as home-inspired, due to the geographic and political positions of both these countries, and their possible desire for focussed sympathetic attention. I may add that information from the foregoing sources was obtained subsequent to that which was transmitted to me by circles here close to the British, and which prompted my above cable of December 19th.

Now, however, in the course of the past few days, comes fresh information of the same character from informed Norwegian observers known to me to be close to German governmental and banking circles. These reports, in effect, point out that German high circles feel that all indications point to Germany's being bottled up; she may be compelled eventually to come to terms with Russia. Having brought the colonial question to the fore, while stressing it as the paramount issue of the day, Germany finds Britain blocking her every day at every turn. Although Hitler would still go far towards holding Britain's friendship, it is conceivable, if present circumstances continue, that Germany will have to resort to the alternative of alliances unsympathetic to those nations now in control of Germany's

⁴⁵ Telegram No. 66, not printed.

⁴⁶ Marshal Kliment Efremovich Voroshilov, Soviet Commissar for Defense.

former colonies. In this connection, some German circles are reported as discussing quite openly now the possibility of a German break with Western Europe, and a new line-up with Russia. They point to Stalin's growing tendency to nationalize Bolshevism—to confine it within Russian frontiers. They can foresee therefore a change in that system's complexion. Anyway, Germany's hatred is directed against Bolshevism solely, and not against Russia. It is conceivable that as an emergency measure an economic-military arrangement might be effected, exclusive of mutual acceptance of the respective political principles of the parties. Besides, the General Staffs of both countries have long advocated an amicable tie-up on some basis, aside from political considerations.

In connection with the foregoing possibilities, informed opinion here points out that any connection which might eventuate between Germany and Russia, would be contingent on what develops politically in Russia. Thus, a strengthening of the Russian Government's position would probably lead to an amicable arrangement with it. It is conceivable, however, that if the Russian Government's position weakens, the Germans might consider means of forcibly availing themselves of Russian territories containing the raw materials and grain they need. Such action would be to a large extent influenced by Poland's attitude. Quarters here have no definite opinion regarding Poland's probable attitude in such circumstances. They feel, however, that Poland might be willing to throw her support behind a German move, were she sufficiently convinced of the likelihood of revolution within Russia resulting from an aggressive move against that country.

In this connection, a meeting of leading Swedish and Norwegian shipowners recently took place here. The leading Swedish representative expressed his opinion: to the effect that Germany would turn to Russia in one capacity or another, once she was convinced Britain would or could do no more for her. Moreover, his information led him to believe that the Stalin Government was so unstable that a revolution paralyzing a united defensive front would take place almost instantly in the event of Germany's taking action against Russia. Though Germany could never absorb Russia in the long run, her initial efforts would more than likely result in occupation of the Ukraine, at least, without much intensive fighting, and would afford Germany the opportunity to reorganize Russia along different lines. He added that perhaps, after all, it would be better to let this come about.

Similar in general character were the observations recently expressed to me by one of Norway's leading statesmen and by a prominent, well-informed officer of the Norwegian Foreign Office. Both are regarded as intelligent observers of international affairs, having importantly participated at Geneva during recent years.

The former observed in effect that Germany was in increasingly precarious economic straits, resulting in a growing schism in leading industrial and political circles. The rate of concentration camp confinements has markedly increased during the past several months, as a result of a growing tendency toward recalcitrant public utterances. The underlying political structure was weakening. It was conceivable that as this weakened, the General Staff's hold on the political situation would strengthen. If this continued, we might look for a growing tendency towards a military deal with Russia—irrespective of continued political barking between the two countries.

My other above-mentioned informant (of the Norwegian Foreign Office) referred to a conversation we had previously had, bearing on the possibility of an agreement either of an aggressive or non-aggressive nature between Germany and Russia. He believed that even the complexities of the political-economic arena of modern Europe had not succeeded in dislodging Bismarck's influence from the minds of the German General Staff. It was more than possible that the latter and the Russian Staff could find common ground on which to make an agreement—and that they would both conceivably welcome the opportunity. He then drew my attention to an article which appeared in a recent edition of the League of Nation's press organ, citing a discussion of recent date between a representative of an important French conservative group and a French Government official. In effect, this discussion disclosed that in reply to the former's question as why France had effected a *rapprochement* with Russia, and as to why M. Barthou,⁴⁷ of all people, should have been the one to advocate it, the Government official explained that M. Barthou had urged the agreement for the simple reason that it was, to his mind, the only way of preventing a Russo-German *rapprochement*.

Practised in the art of "war threats" and muddying European waters towards accomplishing his successive objectives, Hitler, since late December has been pursuing a "pin-pricking" policy, with an understanding with the "General Staff," not to go so far as to incur a major conflict. This intermediate policy is aimed at his long-term objective: economic assistance and colonies.

Recent confidential reports indicate this "pin-pricking" policy continues, and can be looked for to have an important bearing on the Spanish situation. According to this information, the General Staff has persuaded Hitler not to send more troops to Spain, because from Germany's standpoint they consider it strategically advantageous to let this Spanish conflict drag on through the summer. It will provide an ever-ready spark when necessary—an excuse always handy

⁴⁷ Louis Barthou, French Minister for Foreign Affairs in the Doumergue Cabinet, February 1934.

to throw a fire-brand into the powder barrel—and a constant menace to the allies. Besides, this would mean a prolongation of the presence of a body of soldiers in France's rear—an annoyance envisaged in the "pin-pricking" policy.

In connection with the question of colonies, I am confidentially informed as follows: Von Ribbentrop has been instructed to take up the colonial matter generally—but not to press the issue.

Britain is adamant, and at present is determined not to yield the colonies—under any circumstances.

She plans to counter with an offer of raw materials—but through the League. This plan entails advising Germany to establish purchasing bureaus at the required raw material points of origin throughout the Colonies. In order to facilitate German purchases, Britain is prepared to consider setting up a League credit and the removal of trade restrictions.

The foregoing offer, it is understood, will be advanced on the basis of the following understanding:

- a) Contingent on its functioning through the League.
- b) Part of the price of a general European settlement.
- c) It will involve no territorial changes.

In conclusion, I might add that, taking into consideration the foregoing, it is my belief there are three important factors which should not be lost sight of, in considering the European outlook for the next year:

a) The advent of another great war is not a certainty. As a matter of fact, Hitler may be compelled to change his policy, for its economic results are so unfavorable as to have considerably weakened even Germany's position as a political factor. Both possible opponents and possible allies are watching the economic development in Germany with close attention and are drawing their conclusions accordingly.

b) Probable realignment in Europe resulting from Britain's approaching rearmed position.

c) Britain's determined long-term objective, envisaging a general European settlement.

A. J. DREXEL BIDDLE, JR.

740.00/117: Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, February 20, 1937—12 p. m.
[Received February 22—10: 15 p. m.]

250-254. Delbos, Minister for Foreign Affairs, called on me this afternoon and we talked for 2 hours. As his remarks contained an extremely comprehensive and confidential exposition of French for-

eign policy I venture to burden you with a telegram which is much too long.

I thanked him on your behalf for his assistance in arranging the question of St. Pierre Miquelon.⁴⁸ He said that at the Cabinet meeting at which the matter had been discussed he had taken the position that the Minister of Colonies must make a settlement entirely satisfactory to the American Government and that Blum had supported him fully.

He then said that he was aware that there was a certain distrust of France in the United States due largely to France's default on its debt and that he hoped the present Government's cooperation in arranging this slight matter of St. Pierre Miquelon might be the beginning of more confident relations. I replied that the cooperation of the French Government with regard to St. Pierre Miquelon has certainly produced a most happy impression in Washington.

I asked Delbos how he felt about the present international situation and what he foresaw for the future. He replied that at the moment he was more disturbed by the behavior of Italy than by Germany. He said that the French Government had positive information that the Italians now had 50,000 troops in Spain, that 2 days ago 6 ships had left Naples and Gaeta carrying further troops and munitions and that by the end of this week there would be more than 60,000 Italian troops in Spain. This Italian action on the eve of the ban on volunteers was striking example of Mussolini's good faith.

Delbos added that he had been informed, but was not certain of the accuracy of the information, that in this final shipment of Italian munitions there had been large supplies of gas. He said he feared that if the Italians should begin to use gas in Spain serious international repercussions might follow.

He then went on to express the belief that Franco would win unless it should be possible in the near future to come to an agreement for the withdrawal of "volunteers". The agreement already reached to prevent further sending of "volunteers" was a real step forward and he did not despair of getting some agreement for withdrawal of "volunteers".

In any event he was to a large extent in agreement with the British opinion that if Franco should triumph he would not establish a totalitarian Fascist Government and that if the Valencia Government should triumph it would not establish a totalitarian Bolshevik Government. In the end Spain would come out with a government which might be either somewhat to the Right or somewhat to the Left. It was certainly not the part of wisdom which would make a European war about the nuances of a future Spanish Government.

⁴⁸ See vol. II, pp. 293 ff.

He then went on to say that Mussolini had become the jackal of European politics. He was attempting continually to stir up trouble in the hope that from some conflict he might sneak away with a piece of meat. So long as France and Germany should remain hostile to each other Mussolini would have great importance but the day France and Germany should reach reconciliation Italy, in international affairs, would not be much more important than Belgium.

He felt that Germany definitely had inaugurated a more moderate policy since the 6th of January of this year. This he attributed to the facts that the Germans had discovered by experience in Spain that neither their airplanes nor their tanks were so good as they had believed; that it was not proving easy to create an adequate officers' corps in Germany; and that in spite of all the words of Hitler and others to the contrary Germany knew very well she could not in the long run live satisfactorily under a closed economy cut off from normal trade with the rest of the world. He felt that Hitler's recent statements to the international gathering of war veterans had been most important. After making the pacific statements he had made to the veterans it would be difficult for Hitler in the near future to launch a war.

His latest information from François-Poncet was to the effect that Schacht and the businessmen of Germany once more had rather more influence with Hitler than the leaders of the Nazi Party. He was sending the experts of the Ministry of Commerce to Berlin tomorrow to conduct the negotiations for the renewal of the Franco-German Treaty of Commerce.⁴⁹ He had given them orders to act with the greatest liberality. They were not to push for a surplus of French exports to Germany or even for equality of exports from one country to the other. They were to accept a surplus of export to France.

He went on to say that there was a most private and secret negotiation with regard to which he would like to inform me. Leith-Ross⁵⁰ had met Schacht in Basel and they had had a long conversation with regard to ways and means of reducing the barriers to trade between Germany and England. Leith-Ross had expressed to Schacht his great regret that the Franco-German negotiations had not gone further. Delbos commented "that was of course a typical British remark because the truth is that the British Government was furious with us for having those conversations with Schacht and said to us that while they would be glad to have us have conversations with the Germans in which they participated they resented our conducting such conversations as we had had with Schacht". I told him that this interested

⁴⁹ Signed at Paris August 17, 1927, League of Nations Treaty Series, vol. LXXVI, p. 5. Supplementary agreement signed February 3, 1931, *ibid.*, vol. CVII, p. 510.

⁵⁰ Sir Frederick W. Leith-Ross, Chief Economic Adviser to the British Government.

me particularly as the British Ambassador here, Sir George Clerk, had taken the trouble to invite me to lunch in order to assure me that his one desire and the desire of the British Government was to see the French and the Germans reach reconciliation. I asked him if Sir George Clerk had ever said anything similar to him. He said that Sir George Clerk had never made any such statement to him. He said that Eden, he believed, was a good European and would really like to see France and Germany get together. Unfortunately however, Eden often did not control British foreign policy. The ground was cut from under him by other members of the British Cabinet and even by the permanent officials of the British Foreign Office. He believed that the British would pretend to desire Franco-German reconciliation but would continue to follow their old policy of keeping France and Germany hostile to each other though not at war.

Delbos then said that Leith-Ross was to meet Schacht again in the very near future secretly probably in Berlin to continue the conversations they had begun. He said that Schacht had spoken to François-Poncet 3 days ago and had said that he believed much more progress could be made if the conversations should be enlarged to include France. Delbos said that the entire matter was being handled with the greatest secrecy; that Poncelet had communicated with him by letter brought by personal messenger and then said "I happen to have my reply in my pocket for I have just written it and I will read it to you". The substance of his handwritten reply was that he would attempt to send Charles Rist⁵¹ to represent France in the negotiations. He had already spoken to Blum who approved in principle. Delbos said he hoped that from the negotiations between Schacht, Leith-Ross and Rist might arise some definite plan for the reintegration of Germany in the economy of the western world. He said that he felt personally that it was entirely unfair to Germany to ask her to stop arming and to turn her factories to peaceful purposes unless the nations of the world were prepared to give her outlets for her products of peace.

I asked him how he proposed to do this.

He said that in the first place he believes that something could be done by ordinary bilateral negotiations for the reduction of tariff barriers. That would be the first step. The second step would be one which he would ask me to regard as most secret. He and Blum had not discussed it even with the other members of the Cabinet. They had in mind the creation of consortiums to develop sections of Africa. Germany would not be able to put up much money but a large proportion of the development would be done by the use of German machines.

⁵¹ French financial expert, and Director of the Scientific Institute for Economic and Social Research, Paris.

The money would be found in France and England and, if the United States should be inclined to join, in the United States.

To crown the entire proposal Germany would be given a colony, probably the Cameroons. Then all the African colonies except French North Africa and British South Africa would, so to speak, be put into a common pot; British, French, Belgian, Portuguese, and German colonies would all be exploited by international consortiums which would in considerable measure favor the use of German products. He felt there was work enough in Africa to consume the energies of the civilized world for the next 50 years. Thus he hoped the manufacturing genius of Germany could be turned from war to peace purposes. At the same time he proposed to attempt to reach agreement with Germany on limitation of armaments. He then used almost word for word one of the sentences in the speech which I telegraphed you for approval 2 days ago⁵² saying: "You cannot expect France or any other nation to help supply Germany with iron and steel in order to receive it back in the form of shells and bombs". I asked him if he had any other plans for drawing Germany away from war and he said that he had none.

He asked for my opinion and I told him that the ideas he has expressed were close to those of my Government and that I was certain you and the President would be glad to know that he was working in this manner.

I then said that in spite of what appeared to be a new moderation in Hitler's policies I was somewhat fearful that this might prove to be the lull before the storm. I had reason to believe that Hitler was speculating on a possible collapse of the French financial situation and the overthrow of the Blum government. This, in the opinion of the Germans, would result in the Socialists, the Communists, and the Left-wing Radical Socialists going into a united opposition which would produce an immense series of strikes of the gravest nature. Delbos said that all this was indeed a possibility but he did not believe personally that the financial situation would get out of hand to such an extent as to produce the overthrow of the Government. . . .

I then suggested to Delbos that it might be possible to expect some help from Poland in the matter of reconciliation between France and Germany. He said that he was beginning to believe that Poland might help. Relations between France and Poland had improved incredibly since Blum's government had been in power. It was Gamelin⁵³ who had insisted that the French Government should come to terms with the Poles and Gamelin had done much of the work in

⁵² Telegram No. 244, February 19, 5 p. m., not printed; it transmitted the text of a speech the Ambassador prepared to deliver in Paris on February 22.

⁵³ Gen. Maurice Gamelin, Chief of the General Staff of the French Army.

personal conversations with Smigly-Rydz. The change in Beck's attitude had been phenomenal. Delbos said that the first two times he had met Beck in Geneva, Beck had been frigid and distant. That last time he was in Geneva with Beck, Beck had almost overwhelmed him with attentions and personal affection. When Beck had invited him to dinner Beck had worn only a French decoration and then before sitting down to dinner had decorated Delbos with the highest Polish decoration saying "we should now wear always each other's colors on our coats as we wear them on our hearts."

Delbos said that in spite of this demonstration he had not been able to get anywhere in his repeated attempts to persuade Beck to adopt a more friendly attitude toward Czechoslovakia. "When you are allies" he said, "as close as Poland and France are today you have a right to expect that your ally will assist you in your general foreign policy". Beck absolutely refused to do anything to guarantee Czechoslovakia and refused to adopt a more friendly tone toward Czechoslovakia. Moreover while Beck was hostile to both Germany and the Soviet Union he was hostile toward Germany only because it was his deepest conviction that the foot of a German or a Russian soldier must never be placed on Polish soil whereas there was real hatred in his attitude toward the Soviet Union. Delbos said he argued constantly with Beck that Poland should give a guarantee to Czechoslovakia in order to prevent Germany from attacking Czechoslovakia. His argument was that if Germany should attack Czechoslovakia, France would attack Germany the next morning. Poland then would be obliged to go in. Poland thus stood a much better chance of avoiding war with Germany if she should guarantee Czechoslovakia in advance. He said that Beck was not impressed by this argument.

He said that he had used the same argument on Sir George Clerk the other day with what he thought was somewhat beclouded success. He had assured Sir George Clerk in the most categorical terms as he could assure me once again that France would fight at once if Germany should attack Czechoslovakia. Sir George Clerk had then said "then we'll all be dragged in".

The pathetic eagerness of the French to believe that they will have British support in Czechoslovakia was never better shown than by Delbos adding "so while of course that was not a formal diplomatic promise I feel that we should have the support of England also."

I then asked Delbos whether he felt Germany intended to attack Czechoslovakia. He said that he felt that much would depend on whether the internal situation in France should remain solid or should begin to disintegrate in terrible strikes. In the latter case Germany might act. He then said that it is presumed that in case of war Russia would be able to give great assistance to Czechoslovakia. I expressed

skepticism saying that Germany's first act in making war on Czechoslovakia would be to bomb all the Czech landing fields so that if Russian planes should reach Czechoslovakia they would find no fields on which to land. He then made a statement which I regard as exceedingly important. He said that the Russian planes would be on the Czech fields before Germany attacked. I asked him precisely what he meant by this. He said that the moment there was such a state of tension between Czechoslovakia and Germany that war appeared likely the Russian planes would fly at once to Czechoslovakia. Inasmuch as the planes could make 500 kilometers an hour they would reach the Czech fields before Germany could attack. I asked him if he had thought of the political consequences adding that if, in a state of tension between Czechoslovakia and Germany, thousands of Russian planes should fly to Czechoslovakia for the obvious purpose of threatening to attack Germany public opinion in both England and the United States would regard Czechoslovakia and Russia as the aggressors and not Germany. I also asked him how the Russian planes were to reach Czechoslovakia without violating the neutrality of Poland or Rumania. He replied that he did not know. He felt certain that the Russians would not dare to fly over Poland because the Poles would at once attack them. The present Government of Rumania would be equally opposed to permitting the passage of the Russian planes. He left off the rest of the thought, implying that the Rumanians had no planes with which to stop the Russians.

Delbos then said that he had been informed that the German Government recently through its Ambassadors in Italy and Great Britain had told the Italian and British Governments delicately but definitely that an attempt to restore Otto⁵⁴ to the throne of Austria would produce immediate action by Germany which was taken to mean that German troops would enter Austria. I asked him if France would react in the same manner with regard to German invasion of Austria as in case of German invasion of Czechoslovakia. He said "No". So far as he was concerned he believed there were only two reasons which should or could lead France into war. One was an invasion of French territory, the second was the invasion of the territory of some ally of France, that France had promised to protect under such circumstances. France had no obligations to protect Austria. He felt it was impossible to predict how the situation in Austria would develop but he was somewhat disturbed by a report which the French Minister in Vienna had just sent to him to the effect that Schuschnigg⁵⁵ had in-

⁵⁴ Otto von Hapsburg, eldest son of the late Emperor Charles I of Austria and claimant to the monarchy.

⁵⁵ Kurt von Schuschnigg, Austrian Federal Chancellor and Minister for Foreign Affairs.

formed him most confidentially that he intended to get married in the near future and to resign his Chancellorship. Delbos said that he felt the mere knowledge that Schuschnigg was contemplating resignation might produce great uncertainties in Austria with unforeseeable consequences.

I then asked Delbos if there were any conversations in progress between the Russian and French General Staffs. He said there were no new or large scale conversations in progress but that there were constant interchanges of information and discussions of possible eventualities through the French Military Attaché in Moscow and the Soviet Military Attaché in Paris. He then went on to say that it was his belief that Stalin⁵⁶ for the moment had decided to pursue a more moderate policy in interfering in the affairs of the outside world. He considered the withdrawal of Rosenberg⁵⁷ from Valencia most significant. He said that he was, however, not really sure that this meant any change in Stalin's attitude toward pushing world revolution through the Comintern because he had also been informed that the reason the Soviet Government had lost interest in further adventures in Spain was because the Soviet Government had become convinced that if the Valencia Government should triumph it would not establish a Communist state and the Soviet Government would prefer to have Franco as an easy target to shoot at with propaganda than a decent democratic government which would not afford such a good target. He said that all his information from Russia indicated that Stalin was deeply afraid of the Trotskyist movement especially of its strength among the youth and in the army. Mass executions of which no one outside heard were taking place.

He said that Coulondre, the French Ambassador in Moscow, had been about to leave for Paris 3 days ago. He had refrained from coming and had sent a most secret message to say that his reason was that he believed Litvinov was in serious trouble and probably would soon be dismissed from his post and might soon be on trial. It appeared certain that Litvinov's wife (Ivy Low of British origin) was seriously compromised having had most intimate relations with many of those who have been executed or imprisoned and many of those who are about to be placed on trial. Delbos felt that these internal difficulties in Russia would now keep Stalin calm for a while. Thus with Stalin uncertain and Hitler uncertain the prospect for peace would not seem altogether bad. Delbos concluded by saying that he himself felt that the next 6 months might offer a really great opportunity to produce reconciliation in Europe. The mere prospect of British rearmament on such a vast scale as had been proposed was already beginning to

⁵⁶ Josef V. Stalin, Secretary General of the Communist Party in the Soviet Union.

⁵⁷ Marcel Rosenberg, Soviet Ambassador in Spain.

have a sobering effect on the dictators. At the end of 3 years when the British were fully rearmed they would of course become intolerable but that was another story.

BULLITT

740.00/118 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, February 23, 1937—7 p. m.

[Received 7 : 30 p. m.]

261-262. I lunched alone today with Blum and Delbos. We discussed the entire international situation and Blum expressed substantially the same views as those of Delbos reported in my Nos. 250 to 254 of February 20, 1937.

In addition:

1. I brought up the question of St. Pierre Miquelon, explaining that I did not consider the suggestion of the Ministry of Colonies, transmitted to the Department in my No. 255, February 23 [22], 1 [4] p. m.,⁵⁸ satisfactory. I expressed the hope that if the matter should not be settled before my departure from Paris they would receive Mr. Wilson⁵⁹ and support him against the Minister of Colonies. They promised that they would do so.

2. Austria. Blum said that he felt Schuschnigg was almost at the end of his tether. The Nazi movement was increasing so fast in Austria that unless Otto should be replaced on the throne the Nazis would control Austria within 6 months. He said that he felt sure that Schuschnigg's proposed visit to Rome would be for the purpose of asking Mussolini's support for the immediate restoration of Otto. He added that he believed Mussolini would not support immediate restoration but would advise Schuschnigg to temporize. He believed that Mussolini realized that the restoration of Otto, with or without his support, might bring an immediate invasion of Austria by German troops and that he did not wish to face such a crisis at this time.

With regard to France's probable action in case of a German invasion of Austria, Blum agreed with the views expressed by Delbos (see my telegram No. 253, February 21, 3 a. m.). He said that France certainly could not go to war for Otto; that the Yugoslavs definitely were opposed to Otto's return to the throne and that the questions raised by a German invasion of Austria would be altogether unlike those involved in a German invasion of Czechoslovakia. France would go to war at once in case of German invasion of Czechoslovakia and would have the support of the Little Entente in so doing. France would not make war to prevent German occupation of Austria.

⁵⁸ Not printed.

⁵⁹ Edwin C. Wilson, Counselor of Embassy.

3. Czechoslovakia. Blum said that the Czechs had done something to conciliate the Germans of Bohemia by their recent concessions. He added that he did not believe that the Czechs were now engaged in any serious negotiations with the German Government but that the situation had been somewhat improved by these Czech concessions.

4. Spain. Blum said that as soon as the control of the shipment of "volunteers" to Spain had been established effectively he believed that a move should be made to bring about the withdrawal of "volunteers".

Delbos interjected that he had telephoned to Corbin, French Ambassador in London, this morning with regard to the matter and had said to Corbin that he believed such a proposal would be more effective if it should be made by the English than if made by the French. There were many French "volunteers" in Spain just as there were many German and Italian "volunteers". If England should make the proposal it would come from a relatively uninvolved power.

I then asked Blum what further steps he envisaged in case the proposal for withdrawal of "volunteers" should be accepted. He said that he felt there should then be mediation in the form of a proposal for an immediate armistice, the establishment of a commission of control under the League of Nations similar to the commissions which had controlled the Saar⁶⁰ and upper Silesia,⁶¹ and free elections under the auspices of the League of Nations.

I asked him if he had any hope that such a proposal would prove acceptable to either side in Spain. He replied that he had great hopes. There was beginning to be a strong feeling among patriotic Spaniards that the civil war must end; that it could not end by the triumph of either of the present warring factions and that the interests of Spain must be placed above the interests of the warring groups. He said that he even had information of a very positive nature that conversations recently had taken place between the anarchists on the one side and the *phalangistes* of Franco on the other.

5. Franco-German reconciliation.

Last night Blum had expressed to me his thanks for my address⁶² and he renewed those thanks today as did Delbos.

I then asked him whether he did not feel that the present moment might be a propitious one for France and Germany to get together on the basis of removal of barriers to international trade and the limitation of armaments. He replied that he felt the moment was

⁶⁰ See *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII (The Treaty of Versailles), articles 16-33, inclusive, pp. 173-179.

⁶¹ See *ibid.*, article 88 and annex, pp. 210-219.

⁶² The substance of the Ambassador's address delivered in Paris on February 22 was carried in the press of February 23; on the same day the full text was issued as a mimeographed press release by the Department of State.

not yet propitious. Hitler was speculating on the fall of his government. The Germans believed that if he should fall, the Socialists, the Communists, and the Left-wing Radical-Socialists would go into a united opposition which would make any government in France impossible and would provoke a series of strikes—even a general strike. I asked him if he did not feel that the Germans were close to the truth in their anticipations.

He then said that they were not close to the truth. In the first place he believed that his government would not be overthrown because of the financial situation. There was beginning to be an increase of confidence. . . .

I then asked him in what further points the German diagnosis was wrong. If he should be overthrown on the monetary question, would he be able to have another general election? He said that he was not at all sure. In order to have another general election it would be necessary to have the consent of the Senate and he did not believe that the Senate would consent because the Senate would know that if there should be another general election the Left would be strengthened. The Socialists would gain considerably at the expense of the Communists and the Radical-Socialists, while the Radical-Socialists would retain approximately the number of seats they now hold by gains from the Center. The Right would gain nothing and he, Blum, would return with increased power.

Blum then made a most important statement. The third point in which the German diagnosis was incorrect was the following: if he should go into opposition, a Radical-Socialist government would then be formed with the support of the Center and he would do everything possible to prevent serious strikes instead of trying to provoke them. He would do his best to make possible orderly government in France. He considered the international situation too grave and the possibilities of action by Hitler too great for him to envisage for one moment any action which would diminish the strength of France in international affairs.

BULLITT

740.00/123

*Memorandum by the American Chargé in Lithuania (Kvykendall) of a Conversation With the Soviet Minister in Lithuania (Podolsky), February 25, 1937*⁶³

KAUNAS, February 26, 1937.

Immediate reference was made to the length of time which Mr. Mikhail Karsky, the predecessor of Mr. Podolsky, had spent as Min-

⁶³ Transmitted to the Department by the Chargé in his despatch No. 149 (Diplomatic), February 26; received March 9.

ister of the Union of Soviet Socialist Republics to Lithuania. Mr. Karsky served as Soviet Minister in Kaunas for more than six years, and inquiry was made if Mr. Podolsky anticipated such a length of service here. The new Soviet Minister replied without hesitation that he did not expect to represent his country for that length of time, for he was sure that war would break out before the expiration of that period. At the rate which the various European countries are arming, it is not possible to expect that the war can be postponed that length of time. When hostilities begin, Mr. Podolsky stated, the conflict will involve every European country, Lithuania included.

Mr. Podolsky admitted that it is still impossible to foresee the alignment of each country in the conflict. Attempts are being made to have each country make the decision as to which side it will take in the forthcoming hostilities, just as was done in the years immediately preceding the outbreak of the World War. Blocks of nations are now being formed, with a view to the determining on which side individual countries will fight in the next war.

Mr. Podolsky made the rather significant statement that while Herr Hitler was making frequent hostile references to the Soviet Union, it must be admitted that the traditional enemy of Germany is France. Germany is exerting every effort to increase its influence in Rumania and Yugoslavia and to weaken French influence in those two countries. German-Italian relations change almost from day to day, and the Italian decision as to the block to which it will adhere will determine the Yugoslavia's decision as to which side it will favor. Mr. Podolsky did not have a very high opinion of the Rumanian Army and thought that it would not offer prolonged resistance to any invasion from an enemy.

Poland, stated Mr. Podolsky, is wavering between Germany and France and is attempting to strengthen its international position. As to whether or not Poland would be able to survive the next war, Mr. Podolsky expressed his opinion that Poland will continue to exist as a nation. The Polish Government has visions of a Greater Poland extending from the Baltic to the Black Seas, and including all of Lithuania and part of Latvia as well as the eastern part of Czechoslovakia. The greater part of Czechoslovakia would go to Germany.

The stand which Poland will take in the war will be of vital importance to Germany, in view of the often expressed policy of the "Drang nach Osten". Germany is now arming with such rapidity that the economy of the country can never be readjusted to peace time industry. The momentum is so great that Germany cannot do other-

wise than continue its armament activity * until such time as the conflict breaks out.

The new Soviet Minister appears to be very friendly disposed towards the United States, and I shall make further effort to obtain his views regarding Soviet participation in the War which he considers inevitable.

C. P[ORTER] K[UYKENDALL]

740.00/125 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, March 11, 1937—9 p. m.
[Received March 11—7:10 p. m.]

133. As indicated in my 118, March 5, 3 p. m.,⁶⁵ I saw the Foreign Secretary this afternoon. At the outset he said that he was glad to report that with regard to the representations on the subject of tobacco (made under Department's 379, October 23, 7 p.m.⁶⁵) his Government had concluded to make no change in the existing situation for the present but he requested that this be kept confidential in order to avoid attacks on this decision which might arise from some sources.

It is generally assumed and accepted that Mr. Baldwin⁶⁶ will retire shortly after the Coronation and will be succeeded by Mr. Chamberlain.⁶⁷ Without committing himself on this subject Eden said he anticipated no change of attitude or policy in the event of a change. He said that Chamberlain had supported him on the subject of sanctions and that he was convinced the Chancellor was not so far to the right as many people thought and he stressed Chamberlain's friendly attitude towards the United States.

He said that he felt that the success of the French loan which seemed probable would result in improving the internal situation in France and in strengthening Blum, especially as Blum had resisted efforts made by some of the extremists in his own party.

He said the crux of the whole European situation was Germany; that he was very much surprised at Ribbentrop's Leipzig speech; that in about an hour's conversation he had with the German Ambassador before he left for Germany he had hardly mentioned the subject of

* Mr. Francesco Fransoni, Italian Minister to Lithuania, made the statement to me while calling at this Legation on Washington's birthday, that the lack of money never prevented a war but the lack of money might hasten the conclusion of a war. He made reference to the Italian conquest of Ethiopia which was undertaken despite the financial difficulties of Italy. [Footnote in the original.]

⁶⁵ Not printed.

⁶⁶ Stanley Baldwin, British Prime Minister.

⁶⁷ Neville Chamberlain, British Chancellor of the Exchequer.

colonies and Ribbentrop had indicated some prospect of a more co-operative attitude on the part of Germany. However, near the end of the conversation, Ribbentrop had brought up the question of colonies and Eden told him that the British position was unchanged and he saw now no prospect of change upon which Ribbentrop said he felt this would be badly received in his country and would be a strong influence against any cooperation towards peace by Germany.

On the subject of Belgium Eden stated that their negotiations were proceeding but made difficult; first, by Belgium's desire that her inviolability be guaranteed without the assumption of any obligations on Belgium's part; secondly, by Germany's refusal to enter into any pact for the protection of Belgium in the face of the existence of the Franco-Soviet pact⁶⁸ and the agreement between France and Czechoslovakia;⁶⁹ and further by the fact that the British themselves although committed to go to the assistance of France and Belgium in the face of unprovoked attack on either of them were unwilling either to obligate themselves to go to the assistance of any other continental nation or to obligate themselves not to do so, beyond their very general commitments under the covenant. He said that he had just been reading Trevelyan's *Life of Lord Grey*⁷⁰ and that he was impressed with the parallel with the situation now confronting his Government with reference to Czechoslovakia and that which confronted the Government in Grey's time with reference to Belgium. At that time one school of thought in England maintained that a firm declaration on the part of the British Government to go to war if Belgium should be invaded would prevent war. On the other hand, there was strong opposition to any such commitment and Grey felt that if he made a definite commitment in advance there would be such a division of public opinion in England as would tend to increase the danger of war rather than to diminish it.

At the present time Great Britain occupied a like position with reference to Czechoslovakia because a declaration in advance that the British Government would go to the assistance of Czechoslovakia if invaded would split British public opinion and the opposition would create an impression on the mind of any prospective invader that the British statement was mere bluff. For this reason he had come to the conclusion that Lord Grey was right and that Great Britain must again maintain the same position.

In view of Germany's attitude he saw little prospect of a western Locarno pact in the near future although he felt such a pact necessary as a beginning towards restoring any bases of confidence in Europe.

⁶⁸ Signed May 2, 1935, League of Nations Treaty Series, vol. CLXVII, p. 395.

⁶⁹ Signed October 16, 1925, League of Nations Treaty Series, vol. LIV, p. 359.

⁷⁰ Viscount Edward Grey, British Secretary of State for Foreign Affairs, 1905-1916.

Eden then said that Phipps, British Ambassador designate to France, before he left his post in Berlin had had a talk with Von Neurath who mentioned that the German Government had had something in the nature of a feeler from the American Government on the subject of holding a disarmament conference.⁷¹ In this connection Eden said that so far as Great Britain is concerned the rearmament program had not advanced far [enough?] for the British to risk participation in a disarmament conference because he felt the dictators would look upon it as indicating weakness on the part of the British and inability to carry through their program; and while his Government's attitude towards general disarmament had undergone no change and in his opinion would undergo no change he felt the time had not yet arrived when his country could contemplate any steps in this direction.

In addition he stated that he felt the Japanese were beginning to feel the strain of their rearmament program and that Sato,⁷² he thought, recognized this, but he attributed this change of attitude as far as it went to the British and American rearmament program.

He added that Ribbentrop had just returned from Germany and he expected to confer with him in the next day or two although he had very little hope of any change in the German attitude.

In conclusion, I referred to the rubber situation which he said would receive his personal attention. Since then the Foreign Office has informed me that the British Government's reply (see my 68, February 16, 1 p. m.⁷³) would be forwarded me tonight.

BINGHAM

740.0011 Mutual Guarantee (Locarno)/867: Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, March 13, 1937—1 p. m.
[Received March 13—9:20 a. m.]

107. My 106, March 13, 11 a. m.⁷⁴ I understand from the British Embassy that the Italian reply on Locarno is in general a recapitulation and extension of the observations containing in the Italian reply of last October, see my 422, October 21, noon,⁷⁵ and maintains the view that the old treaty of Locarno should be taken as a basis for discussion of a new pact in order that the former treaty may be adapted to the circumstances which have changed since its negotia-

⁷¹ See pp. 665 ff.

⁷² Naotake Sato, Japanese Minister for Foreign Affairs.

⁷³ *Post*, p. 888.

⁷⁴ Not printed.

⁷⁵ *Foreign Relations*, 1936, vol. I, p. 363.

tion without altering its general outline and essential characteristics. I am informed that the following are certain of the observations set forth in the note.

The Italians maintain that the new pact should constitute as precise, simple and well defined an instrument as the old Locarno treaty for the purpose of maintaining the *status quo* on the Belgian and Franco-German frontiers and of determining the obligations of non-aggression and of guarantees. The Italian Government expresses doubt as to the possibility of maintaining the fundamental unity of the treaty of Locarno if in a new treaty a system of separate reciprocal guarantees should be introduced. The Italian Government, however, is ready to take pledges of a particular character as regards the maintenance of the Rhine frontier, the inviolability of Belgium and the maintenance of peace between Germany and France. The Italian Government is ready jointly with England, France and Germany to maintain the integrity of Belgium without reciprocal guarantees from Belgium and is ready jointly with England to guarantee the maintenance of the territorial *status quo* on the Franco-German frontier and the inviolability of those frontiers without seeking any reciprocity.

In transmitting the reply I understand that the Italian Minister for Foreign Affairs expressed his doubt as to the advisability of inaugurating a conference at this time but appeared to be in favor of a continuation for the present of exchange of notes between the various governments on the subject of the new pact.

As no decision has been taken regarding the publication of the contents of the Italian note the foregoing should be regarded as strictly confidential.

Not repeated anywhere.

PHILLIPS

740.0011 Mutual Guarantee (Locarno)/872: Telegram

The Chargé in France (Wilson) to the Secretary of State

Paris, March 16, 1937—6 p. m.
[Received 7: 51 p. m.]

366. I called upon the Foreign Minister today. In response to my inquiry regarding the German and Italian replies to the British memorandum⁷⁶ of last November concerning a western pact he said that the German reply was in effect negative, that it does not advance matters at all. He said that the Italian reply had been received at the Foreign Office only last night, that he had not had an opportunity to do anything more than to glance at it but that it was his impression

⁷⁶ See memorandum by the Counselor of Embassy in Belgium, December 19, 1936, *Foreign Relations, 1936*, vol. I, p. 384.

that it was on the same lines as the German reply while being less precise.

Speaking of the German reply he said that it proposed that in the new western pact there should be no guarantee of England since it was inconceivable according to the German Government that there should be a war between Germany and England or between Italy and England. The German proposal therefore according to Delbos is that the western pact in effect should be limited to a nonaggression agreement between France and Germany guaranteed by England and Italy. However, the Germans proposed that this guarantee should not become effective until both England and Italy, acting more, commented Delbos, as joint arbitrators than as guarantors, should decide that there had in fact been a case of aggression. In view of the close working agreement between Germany and Italy—if not alliance—and the knowledge which has been gained, Delbos remarked, as a result of the Spanish experience as to the degree of reliance which may be placed in the good faith of Italy, the value for France of any such supposed guarantee is only too evident.

The German note proposed, according to Delbos, that the League of Nations should have nothing whatsoever to do with the new western pact: instead of the Council of the League deciding when aggression had taken place it will be as mentioned above, only England and Italy acting together. The obligations of mutual assistance under Article 16 of the Covenant would cease to exist. In other words, Germany was proposing, said Delbos, to wipe out the League of Nations and the whole system of security in Europe as it exists today.

Delbos said that the German note also proposes to destroy the French treaties of mutual assistance with Russia, Poland, and Czechoslovakia through providing that in any case France could not go to the assistance of these countries. The German proposal evidently is that with a new nonaggression arrangement between Germany and France, it must be understood that under no conditions could Germany and France ever be at war, and that if a situation should unfortunately arise in which Germany might find herself at war with, for example, Czechoslovakia, France would still be bound by her nonaggression arrangement with Germany and hence could not go to the assistance of Czechoslovakia.

With regard to the special case of Belgium, the Minister said that the Belgian Government was pressing for an arrangement which would define the status of Belgium along the lines expressed by the King in his message of last October,⁷⁷ namely that Belgian security would be guaranteed by the others but Belgium would not guarantee the security of any other country. Delbos said that the Belgian posi-

⁷⁷ October 14, 1936; Stephen Heald (ed.), *Documents on International Affairs, 1936* (London, Oxford University Press, 1937), p. 223.

tion was that they wished to avoid at any cost danger of being drawn into a war not directly affecting Belgium, for instance Belgium feared that in the event of conflict between Germany and Czechoslovakia in which France would go to the assistance of Czechoslovakia, Belgium wished to be free of any commitment that might involve her in the conflict. Delbos said that he had told the Belgian Ambassador that while Belgium was making every effort to keep out of war she was at the same time running the risk that if war should in fact break out she would find that there would be no immediate and effective assistance for the defense of Belgium against attack. It was all very well Delbos said to speak of Belgium being guaranteed but everyone knew what a guarantee by Germany was worth and in order that the guarantee by England and France should be effective it would be necessary to have a military understanding between the three powers. This, however, the Belgian Government did not want apparently believing that there would be a greater chance of keeping out of war if Belgium were entirely "neutral" and being willing to run the risk that if war should break out Belgium would be at the mercy of Germany without any immediate means of assistance from England and France.

Delbos went on to say that in view of the Belgian position the French Government was prepared to release the Belgian Government from the existing obligation of Belgium to protect France against aggression and that he thought it might be possible to work out a five power pact guaranteeing Belgium against aggression along the lines which the Belgian Government was proposing. He thought that this might be the outcome if there was any outcome at all of the negotiations which had now been resumed with regard to the so-called western pact. He said that, of course, the German and Italian proposals regarding this western pact were wholly unacceptable to the French Government. The French Government, however, welcomes the fact that any proposals at all have been made by Germany and Italy and is disposed to discuss the matter fully.

I asked what the attitude of the British Government was. He said that while there had not been time as yet to "concert" the positions of the British and French Governments, he understood that the British views were about the same as those held here in Paris.

I remarked that it must have been obvious to the Germans that neither the British nor the French Government could accept a proposal which sought in effect to shut the League of Nations out of any part in guaranteeing security in Western Europe and which sought, as Delbos had observed, to leave Germany a free hand in Eastern Europe and I asked what in his view had been the reasons which might have led the German Government to put forward such a proposal. He said that he felt that the extent of the British rearmament program and

the successful way in which France was working out of her financial difficulties were factors which had greatly influenced the German Government; Nazi foreign policy had reached an impasse and it had become apparent to the German Government that it could no longer remain in the position of seeming to refuse to make any contribution towards a settlement of the problem of security in Western Europe, these proposals had therefore probably been made more for the purpose of gaining time than with any hope that they might be accepted.

In speaking of Spain, Delbos said that he thought it might be difficult for the governmental forces defending Madrid to resist indefinitely an offensive which was being carried out by regularly constituted divisions of the Italian Army. He spoke of the armed intervention of the Italian Government in Spain as "abominable" and said that the French Government had information (which it believed reliable although it did not have conclusive proof) to the effect that since February 20 when the ban on volunteers was adopted 27,000 regular Italian troops had landed in Spain. He said that he had spoken plainly with Cerruti⁷⁸ yesterday regarding this situation but that Cerruti had denied that the information was correct. Delbos said that 5 days ago Ciano⁷⁹ had sent for the French Chargé d'Affaires at Rome and had denied to him the reports published in the press of the landing of Italian troops in Spain since February 20. Ciano had proposed that Delbos should himself put out this denial. Delbos had replied that he would be glad to make a statement to the effect that Ciano denied these allegations. Ciano, however, had declined to have it done this way and had requested that this exchange of communications between Delbos and himself be kept absolutely confidential. It was, said Delbos, another example of the "utmost cynicism" on the part of the Italian Government.

WILSON

740.0011 Mutual Guarantee (Locarno)/877: Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, March 25, 1937—10 p. m.

[Received March 25—7:30 p. m.]

173. From my conversations it would appear that the visit to London just terminated of the King of the Belgians upon the invitation of King George but unaccompanied by ministers has been a success. I understand the Belgian Government will shortly make public its position which in substance amounts to a desire for freedom from all

⁷⁸ Vittorio Cerruti, Italian Ambassador in France.

⁷⁹ Count Galeazzo Ciano di Cortellazzo, Italian Minister for Foreign Affairs.

obligations under Locarno to come to the aid of France but willingness, however, to maintain adequate forces to defend its own frontiers—likewise it will not depart from the Geneva protocol tradition. Subsequently, the French and British Governments will state their adherence to the terms of the declaration of March 20 guaranteeing assistance to Belgium (see my 2072 of March 26, 1936,⁸⁰ and previous). While Italy is legally concerned it is not known what position Mussolini will take.

The German note of reply (outlined in Paris' 363, March 15, 7 p. m.⁸⁰), I understand from the Foreign Office, merely restates the old German thesis as to a western Locarno independent of the League of Nations. It does, however, suggest that England and Italy should be arbiters in any dispute as between Germany and France with both arbiters agreeing before any decision is binding.

There has been recently a steady deterioration of Anglo-Italian understanding. The recent massacres in Abyssinia, Mussolini's rearmament program, his declarations to the Mussulman world upon his arrival in Libya, and the question of the Italian coronation envoy have all rekindled public opinion in this country. Meanwhile, the denunciation of Italy from British pulpits, the British Broadcasting Company's characterization of the recent Italian reversals in Spain as "a second Caporetto," and the tone of the press generally have all tended to incite Italian resentment against England. In the estimate of one of my colleagues English animosity toward Italy at this moment is greater than public feeling against Germany which must drive Mussolini into German arms. I understand the statement of the Italian Ambassador in the Non-Intervention Committee day before yesterday (made after repeated oral thrusts by the Soviet Ambassador) that Italy would not be willing to discuss the withdrawal of volunteers from Spain has further incited public opinion in this country and according to the statement of my French colleague marks a very grave incident more especially in view of the repercussions in France where the Blum Government has maintained its adherence to the Non-Intervention Committee with considerable difficulty. Foreign Office points out that the German volunteer position in Spain seems to be somewhat liquidated "leaving Mussolini to hold the bag" and that, by this recent statement of the Italian Ambassador, Italian volunteers in Spain must in a measure appear as units of the Italian army and as such queries whether they can be left there unsupported.

The Foreign Office, in pointing out the strength of public opinion today in England against Mussolini, states the last week has considerably complicated the European situation above all since Mussolini in his present mood is increasingly "undependable." However, an

⁸⁰ Not printed.

early attempt will be made to iron out the Abyssinian question at Geneva which it is hoped will have a favorable repercussion in Italy towards this country.

Copy to Paris, and Rome.

BINGHAM

770.00/459 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, April 6, 1937—7 p. m.
[Received April 6—4 : 55 p. m.]

456. In discussing at the Foreign Office the results of the Little Entente Conference ⁸¹ I was informed as follows :

To consider as a set back to French policy the failure of the Little Entente States to act on the proposal to alter their obligations for defense against Hungary into a general pact of mutual assistance is erroneous. The proposal was in the interests of the three Little Entente States and is not of direct interest as regards French security against an attack, say, by Germany on France, since such attack would inevitably cause a general European war in which the interests of the Little Entente would be on the side of France and would in any case bring into play the mutual assistance obligations of the Little Entente States under the Covenant. Czechoslovakia has been the one primarily interested in such a proposal fearing aggression from Germany; Rumania is less interested; Yugoslavia for the moment is not interested at all.

The fact of the matter is that the proposal to extend the Little Entente commitments into a general pact of mutual assistance was not discussed at all at the meeting of the Little Entente. Antonescu ⁸² suggested to Krofta ⁸³ who had acquiesced that it would be unwise to discuss the matter because of the attitude of Yugoslavia and also because such discussion would bear the appearance of having been caused by the Italo-Yugoslav pact ⁸⁴ and of being an attempted reply to that pact. It would be a mistake to believe that the idea of a general pact of mutual assistance among the Little Entente States is dead; Beneš ⁸⁵ will discuss the matter during his visit to Belgrade; he will not, of course, as some of the French papers state, put Stoyadinovitch ⁸⁶ "on the spot" because of it; Beneš is far too subtle a person for that but

⁸¹ Held at Belgrade, April 1, 1937.

⁸² Victor Antonescu, Rumanian Minister for Foreign Affairs.

⁸³ Kamil Krofta, Czechoslovak Minister for Foreign Affairs.

⁸⁴ Signed March 25, 1937, *Documents on International Affairs*, 1937 (London, Oxford University Press, 1939), p. 302.

⁸⁵ Eduard Beneš, President of Czechoslovakia.

⁸⁶ Milan Stoyadinovitch, Yugoslav Prime Minister and Minister for Foreign Affairs.

he will see that the idea is kept alive; and it may be expected that French politics will come up again in the future.

It would likewise be erroneous to speak of the recently concluded Italo-Yugoslav pact as a setback to French policy. (In this connection, however, see my 416, March 27, noon ⁸⁷). What had caused momentary resentment here was the sudden manner in which the pact had been concluded and the appearance which it gave under the then existing circumstances of having contributed to an Italian diplomatic victory. They had been somewhat apprehensive here as to what the pact might be found to contain but on examining it they have felt relieved. It was true that the pact made no reference to the League of Nations and that in its preamble it referred to the Ethiopian empire; it was not perhaps the sort of treaty that would have been drafted by a professor of international law; however, Stoyadinovitch was above all a realist, hard-headed, cynical, primarily concerned with the interests of his own country. He had found the moment favorable to advance these interests and he had seized the opportunity. The German and Italian press and part of the French press had interpreted the Italo-Yugoslav pact as a blow to France. The articles which had appeared in the French press in this sense were based upon stories sent by the Belgrade correspondent of the *Sudest* service; this service had been formed by Titulescu ⁸⁸ and was interested in giving the impression that since Titulescu's disappearance from the scene France had lost influence in the Little Entente countries and the Little Entente was disintegrating. The conviction exists here, however, that the strength, moral and material, of France and England is steadily increasing, whereas Germany and Italy are at grips with internal problems which are becoming more serious and are steadily weakening them. It is felt here that this may not yet have been fully realized in the small states of Central and Eastern Europe but that it must inevitably become clearer to them with time.

The absence of any reference in the final communiqué of the Little Entente meeting to restoration of the Hapsburgs is important: Beneš is making efforts to improve relations and to come to an understanding with Austria and with Hungary; any statement in the communiqué against restoration would interrupt this policy; it would be a mistake, however, to interpret this lack of reference as in any way indicating a change in the attitude of the Little Entente States which remains opposed to restoration.

It is felt here that the manner in which the Italo-Yugoslav Pact was concluded will not be repeated as regards Hungary; that Yugoslavia will make an arrangement with Hungary only if the Hungarian Gov-

⁸⁷ *Post*, p. 265.

⁸⁸ Nicholas Titulescu, former Rumanian Minister for Foreign Affairs.

ernment is prepared to make similar arrangements simultaneously with the other two partners of the Little Entente.

Copies to London, Berlin, Rome, Vienna, Budapest, Bucharest, Praha, Belgrade.

WILSON

740.0011 Mutual Guarantee (Locarno)/882: Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, April 7, 1937—6 p. m.

[Received 6:29 p. m.]

462. Reference my 407, March 25, 11 a.m.⁸⁹ In the course of a conversation today with the Belgian Ambassador he said that he expected the declaration of the French and British Governments regarding the release of Belgium from the obligations assumed in March, 1936,⁹⁰ to be made public within the next 2 or 3 days.

He said that in connection with this matter Belgium had assured England and France that she was prepared to resist with all her forces any aggression against Belgium whether by land, sea, or the air. This statement—which of course implies the corollary that, Belgian neutrality having been guaranteed by England and France, in the event of foreign airplanes flying over Belgian soil, Belgium would immediately notify her guarantors of this violation of Belgian sovereignty—at that time satisfied the British preoccupation concerning immediate notice in case for instance German planes should fly over Belgium headed for England.

The Ambassador said that the Belgian Government in deciding upon its new policy of "voluntary neutrality" as announced by the King last October, and now shortly to become an accomplished fact, had been motivated in addition to the desire not to become involved as a tail to the French kite in conflicts not directly affecting Belgian interests by the desire again to have the status of a neutral state in the eyes of the world. He said for instance that if Belgium had continued to appear as the ally of France then, in the event of some future war in which Germany might again strike at France through Belgium, world opinion would be inclined to feel that that was perhaps after all some excuse for Germany's action against Belgium. With the return to the status of a neutral state voluntary, this time a violation of Belgian neutrality would have the effect, as it had in 1914, of enlisting the sympathy of the rest of the world particularly of the Anglo-Saxon peoples. This fact was of course apparent to Germany and to

⁸⁹ Not printed.

⁹⁰ Agreement of mutual assistance drafted by the Locarno Powers, London, March 19, 1936, and approved by Great Britain, France and Belgium. See *Foreign Relations*, 1936, vol. I, pp. 206-257.

that extent would operate in the future as a deterrent if Germany were ever again tempted to invade Belgium in order to get at France.

The Ambassador said that he felt that Belgium in throwing off her special ties with France had rendered France a real service; heretofore, the French line of defense against Germany in the north had been the Liège-Namur line which France would have attempted to assist the Belgians in holding in case of German invasion; now, however, the change in the status of Belgium had obliged France to extend the Maginot line on France's northern frontier; henceforth France would have two lines of defense against German attack in the north, the Belgian defense on the Liège line as before plus the French defense back of the new Maginot line.

The Ambassador went on to say that in any event he saw no danger of war in Europe in the immediate future; the Germans had had some unpleasant experiences in Spain where they had found that their pursuit planes and their light tanks were defective and it would take a year or 2 years to make good these deficiencies. In the meanwhile British and French rearmament for defensive purposes was increasing apace. He felt that the situation in Europe looks much better.

The Ambassador referred to Hitler's offer to guarantee Belgium's territorial integrity which had he said been "taken note of" by the Belgian Government and went on to say that once the status of Belgian "voluntary neutrality" had been recognized by England and France he would not be surprised if Germany would make a formal declaration guaranteeing Belgium's territorial integrity.

WILSON

740.0011 Mutual Guarantee (Balkan)/173 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, April 8, 1937—2 p. m.

[Received 4:20 p. m.]

463. In conversation with the Yugoslav Minister he remarked that a good deal of misunderstanding appeared to exist regarding the position of the Little Entente as a result of the Italian-Yugoslav treaty and the recent conference at Belgrade. The Little Entente, he said, remained exactly what it always had been, a defensive alliance against Hungarian revisionist aims. The French Government had committed the error of trying to get the Little Entente countries to alter the nature of the pact binding them into something very different, namely, a mutual assistance pact against aggression from any quarter in particular against Germany. Why, said Pouritch, should the Little Entente agree to become the experimental rabbit on which France would try out an injection of mutual assistance serum? He said that

he had told the Quai d'Orsay that if France was in favor of mutual assistance pacts she ought to make one with England instead of endeavoring to try out the experiment on her friends of the Little Entente. It was senseless, said Pouritch, ever to have believed that Yugoslavia would go into a mutual assistance pact such as France had proposed since such an arrangement would merely give rise to the query on the part of Germany as to whom this mutual assistance pact was aimed at; the answer of course could only be that it was aimed at Germany and this might well furnish a pretext for Germany actually to undertake some aggressive action against one of the states of the Little Entente. It was Yugoslavia's firm policy, said the Minister, to avoid getting into any situation which might furnish a cause or pretext for developing a conflict.

The Minister said that when the French Government proposed that the Little Entente enter into a mutual assistance pact and that the French Government would then for its part make bilateral mutual assistance treaties with Yugoslavia and Rumania as it had already done with Czechoslovakia, the Yugoslav Government had replied proposing that France should make these treaties first direct with Yugoslavia and Rumania. The French Government, however, was not willing to do this saying that it might cause resentment on the part of Italy, that France could not go effectively to Yugoslavia's aid through the Mediterranean if Italy was against them et cetera. The Yugoslav Government had then pointed out according to Pouritch that this statement in itself furnished a complete answer to the French proposal that the Little Entente develop a mutual assistance pact among themselves. Pouritch remarked that the event of March 7, 1936,⁹¹ and the failure of the League in the Ethiopian question had left definite impressions in the minds of the governments in Central Europe and that considerable skepticism existed in his country as to whether France would really go to the assistance of Czechoslovakia for instance despite the treaty between the two countries in the event that Germany should invade Czechoslovakia.

The Minister said that much of the criticism of Yugoslavia in certain official and journalistic circles in Paris was due to Yugoslavia's refusal to be drawn into the system of treaties which bind France and Czechoslovakia to the Soviets. He remarked that there were people at the Quai d'Orsay and influential journalists here who saw the European problem only as an eventual conflict between France and Germany and who with this in mind were working at all costs to bring Yugoslavia and Rumania into this system with the thought that when the expected war took place all these countries would come to France's assistance. The Serbs as Slavs got on well with the Rus-

⁹¹ German military occupation of the Rhineland.

sians, the Minister said, but they were determined to have nothing to do with the Bolshevik Government.

Pouritch said in confidence that in the recent negotiations the Italian Government had proposed to the Yugoslav Government a defensive military alliance. Yugoslavia had of course refused this. She had however found the moment favorable to obtain tremendously valuable concessions from Italy such as the abandonment of Italian support for Hungarian revisionist claims and the ending of Italian assistance to Croat terrorist organizations. Yugoslavia remained, said the Minister, as she always had been, a supporter of the League of Nations of collective security of friendship with France but in the degree and only in the degree that these principals showed themselves capable of effective action.

WILSON

760H.65/742

*Memorandum by the Ambassador in Italy (Phillips)*⁸²

During my conversation with Ciano this afternoon, I asked him whether he could tell me anything more with regard to the significance of the Italian-Yugoslav agreement. I was again impressed by his satisfaction with the new relations with Yugoslavia. He said that the French influence in the Balkans and especially in the Little Entente had greatly diminished and that the Little Entente as such was no longer a unit—he used the word “broken”. I asked him whether he foresaw the possibilities of a Balkan economic bloc with preferential tariffs. He said that this was not in the making and pointed out that there already was a preferential economic bloc between Italy, Austria, Hungary, Yugoslavia and Albania. I asked him what the attitude of Germany was towards this bloc. He said that during his negotiations with Belgrade, Germany had been of immense help to him and that the new status with Yugoslavia was in full accord with Germany’s wishes. I asked him whether Italy had any plans with regard to Czechoslovakia. He replied in the negative, saying that Czechoslovakia, Poland, the Baltic States, were of more interest to Germany than to Italy. My deductions from these remarks are to the effect that the Little Entente at least is now dismembered and Yugoslavia, has thrown in her lot with Italy, while Germany regards Czechoslovakia as within her sphere of influence. Several times Ciano repeated that Czechoslovakia was of no special concern to Italy.

WILLIAM PHILLIPS

ROME, April 9, 1937.

⁸² Transmitted to the Department by the Ambassador in Italy in his despatch No. 322, April 16; received April 27.

740.00/143 : Telegram

*The Chairman of the American Delegation to the General Disarmament Conference (Davis)*⁹³ *to the Secretary of State*

LONDON, April 10, 1937—2 p. m.

[Received 2:10 p. m.]

For the President and the Secretary: I called upon Eden yesterday at his invitation. He expressed himself as highly pleased that I was here and said there were several questions he wanted to talk with me about more at length within a few days when he has disposed of pressing matters accumulated during his absence on vacation.

2. In substance he said they are fully aware of the economic consequences of rearmament which was forced upon them and realize something must be done within a reasonable time to bring about economic rehabilitation and disarmament. He hoped we agree with them that it was not yet the time to make an effective move towards international agreement particularly with respect to armaments which is essential to a general settlement.

3. He said that while the British rearmament program was already having an effect on Japan and Germany Mussolini seemed to believe they were bluffing and would not carry it through.

[4.] He also thought it was necessary to wait some on the Spanish situation about which he was more hopeful now but which he thought might serve as a means of bringing about a general European settlement. He remarked that neither side would win in Spain. I asked if there was not danger that Mussolini might not make a more determined effort than ever in support of the rebels. He said there was some danger that he might be foolish enough to do it but he would find stiff opposition from the French as well as the British. He said that any initiative the British might take for a European settlement would now be construed as weakness and that when the time comes to make a move it would probably be best for the United States to take the lead or act as mediator. I told him that while there had been much speculation about the United States taking the initiative which originated largely from wishful thinking, that while we are naturally concerned about the inevitable disaster that will come unless something is done within a reasonable time to reverse the suicidal policies that are now being followed through the strangling of trade and the unbearable expenditures on armament, I was sure the President had no desire or intention of interjecting himself in the European political situation.

5. I remarked that while we are vitally interested in economic rehabilitation and disarmament and desirous of collaborating to that

⁹³ Mr. Davis was in London as Chairman of the American delegation to the International Sugar Conference (see pp. 931 ff.).

end it would be futile to attempt anything until Europe makes up its mind that it wants peace and unless and until the British who are an essential factor in any effective steps for recovery and peace are prepared to get behind any efforts that may be made by anyone to achieve such a result.

6. I also said that it was absurd to think it was possible to make any substantial progress toward economic League [*sic*] political stability as long as our two greatest nations are pursuing diametrically opposite trade policies. He heartily concurred with this and said he had been giving considerable attention to the question of an Anglo-American trade agreement and had talked at length with Chamberlain and Runciman.⁹⁴ He said he could tell me in confidence that Chamberlain agreed with him fully that there were compelling reasons why our two countries should negotiate a commercial agreement for political as well as economic considerations and that Runciman really was desirous of doing so but that in view of the Ottawa agreements⁹⁵ there were considerable difficulties and limitations as to what could be done.

7. He said that we would discuss this more fully within the next 2 or 3 weeks but that for the present he wanted me to tell you they have every desire and intention of doing everything possible but that it will require some little time to work this out. He also wanted to assure me positively that Chamberlain is as ardently desirous of Anglo-American economic collaboration and close friendship as he is which they deem vital to world peace and progress.

8. I told him this was reassuring but expressed the hope that they would not wait until they missed the boat. I said that until we can get together on economic policy little headway can be made towards real peace and towards the prevention of economic collapse with all of its political and social consequences.

9. I told him that while I was here I would be very glad to be of any help to Bingham and to them in pushing forward a commercial agreement.

10. He then said he would like to discuss with me later the naval and the Pacific and Far Eastern situations which I told him I would be glad to do. He said they were still pressing the Japanese with regard to the naval question but that he was not fully conversant with the latest despatches. While Japan had refused to bind herself to the naval treaty⁹⁶ or even to the 14-inch gun⁹⁷ they had asked Japan to tell them just what their intentions are. I suggested to him that

⁹⁴ Walter Runciman, President of the British Board of Trade.

⁹⁵ Commercial agreements between the United Kingdom and the Dominions, signed August 20, 1932, *British and Foreign State Papers*, vol. cxxxv, pp. 161 ff.

⁹⁶ Signed at London March 25, 1936; see *Foreign Relations*, 1936, vol. I, pp. 22 ff.

⁹⁷ See *post*, pp. 618 ff.

since Japan was constantly reiterating her desire to avoid a naval race they might suggest to them that nothing provokes a naval race so much as suspicion or the building of new types and ask them if they would at least agree that in case they should decide to depart from the types stipulated in the naval treaty or to build a gun in excess of 14 inches they will give notice of their intention in advance of the laying of the keel.

11. Eden thought this was an excellent suggestion which Japan would find it difficult to refuse. He made a note of it and said he would do something about it.

12. With regard to the meeting of the Bureau of the Disarmament Conference at Geneva on May 6,⁹⁸ he said they had felt nothing could be accomplished but that since the French and Scandinavian countries were eager to hold the meeting, partly for its psychological effect the British had felt they could not well refuse to participate. He said, however, that Cranborne⁹⁹ who was in charge of this was away and that when he returns in the next few days he would like us to have a further discussion about it.

13. In concluding he said he wanted to arrange a quiet dinner soon where we could talk more at length.

If there is a reply to this telegram please do not number it.

DAVIS

740.00/160

*Memorandum by the Counselor of Embassy in the United Kingdom (Atherton)*¹

LONDON, April 20, 1937.

The following views which Sir Robert Vansittart expressed in the course of a conversation on the international situation may be of interest and are given as near verbatim as possible:

Vansittart began by pointing out that today's world is not a normal world and this applied to Europe especially; that normal subjects of discussion cannot be carried on with abnormal people; thus any sound economic discussion with Hitler or Mussolini or their governments is impossible; their idea of economics is splashing a new place on the map green or, if there is unrest in a certain area, sending troops to quell it, or issuing a forced loan with the central bank of the country already pledged to take over more than three-quarters of it.

England has attempted to discuss both politics and economics with both these countries and has failed. In a memorandum of a year

⁹⁸ See pp. 1 ff.

⁹⁹ Robert A. J. C. Cranborne, British Parliamentary Under Secretary of State for Foreign Affairs.

¹ Transmitted to the Department by the Ambassador in the United Kingdom in his despatch No. 3026, April 23; received May 1.

ago last March,² England put forward her program concerning which Hitler became vaguer and vaguer each time it was brought up for discussion. It is true the Western Locarno Pact³ has never been denounced, but what could be negotiated today is doubtful, even on such a vague theory of non-aggression as contained in that. On the other hand, would England want to conclude a pact that tied Western Europe's hands without touching Eastern Europe? English public opinion demands what Mr. Chamberlain said in his speech this year—that first and foremost some political appeasement must be made by the dictator countries to show their good-will and good faith. Important economic and financial concessions can only be made on the basis of a general settlement. On the other hand, Vansittart pointed out that any recent remarks by Eden suggesting possible international economic cooperation had been invariably badly received in Germany and by the German press.

It is difficult today to distinguish in some particulars between Hitler and Mussolini. Both are surrounded by "Yes" men, but while some of those advisers about Hitler give him very frank expressions of opinion before they eventually join the chorus of agreement, Mussolini has no such check around him. He is supreme, but in a situation that is getting constantly more difficult for him, both from the internal aspect and from the repercussions of the Abyssinian situation which are constantly bearing down more acutely on Italian economics. The reason that Hitler, according to Vansittart, remains Olympian now is that he cannot decide upon his future policy. He realizes when he marched into the Rhineland he lost an opportunity to march into Czechoslovakia at the same time, probably without any European repercussion. Today, however, if Hitler has a success in Czechoslovakia unimpeded, then all Eastern Europe will tend to "landslide into dictatorship."

Meanwhile, England remains the outstanding democracy in Europe, supported by a daily more unsettled France. In all other countries in Europe today, with the exception of some of the smaller northern countries, individual thought is atrophied and while France is in this internal turmoil which affects her economic life, her military strength and her outlook on foreign affairs, since it is due to her present downgrade that she is seeking feverishly disarmament and other international appeasement, England must maintain to the limit of her ability her present rearmament program to fill the gap left by the enfeeblement of France, and England must maintain to the limit of her ability that program of strengthening herself in all ways, including rearma-

² British Cmd. 5134, Germany No. 2 (1936), contains text of proposals made on March 19, 1936, by the four Locarno Powers.

³ Treaty of mutual assistance between Germany, Belgium, France, Great Britain and Italy, signed October 16, 1925, *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, p. 841.

ment, until France is again on the upgrade. Vansittart said he understood that the Foreign Secretary had dwelt on this angle in his conversations with the Ambassador and that this British viewpoint had also been made clear to Mr. Norman Davis.

Vansittart referred to the Berlin communiqué of last evening on Lansbury's⁴ visit to Hitler and said of course with another winter facing him, Hitler would be only too anxious for some sort of international conference which he could attend to buoy up German hopes. An international economic conference such as Lansbury spoke about would be very acceptable to Hitler. He could enter it without any political engagements and if he could obtain nothing from it, he could go to his people and explain that Germany had again been let down by the other great powers.

Vansittart frankly stated that the German economic position was better today than had been anticipated and that the regime was in no danger. He went on to say it is not an idle question to ask, with Germany in its present frame of mind and France apparently moving down hill, would not some movement by Germany be justified in the current year before England had gone too far on her rearmament program? He said he thought in this very fact lay the reason for the importance of 1937 and 1938 and the fact that no international conference could succeed until 1939, when the dictators would forcibly be more conference-minded.

Vansittart stressed again that English public opinion had no confidence in the word of Germany or the German leaders and consequently would be very skeptical of an international economic agreement which Germany signed, unless some previous commitment had been made by Hitler as to a satisfactory foreign policy. English public opinion, Vansittart went on, remembered the Great War started in Southeastern Europe and continued suspicious of another war starting in that same quarter.

Vansittart then went on to say again he could not consider a great portion of Europe as normal and he wondered how far normal negotiations or conversations were possible with Hitler or Mussolini.

He then went on to explain the German mentality as regards colonies. He said that England faced the coming Imperial conversations⁵ at the time of the Coronation and it was more and more realized that it would be a discussion between various independent commonwealths, with perhaps the probable greater advantage accruing to the Dominions rather than to England. It was true that in Malaya England had sources of raw material, such as tin and rubber. This was Germany's idea of colonies—lands that could be exploited for her benefit,

⁴ George Lansbury, Labour Party Member of British Parliament.

⁵ Imperial Conference held in London, May 14–June 15, 1937; see British Cmd. 5482.

but there were no such areas in the world today and even if Germany obtained the colonies she held before the war, these lands would not supply the raw material and needs which Germany was claiming only a colonial regime could satisfy.

In conclusion Vansittart gave me to understand that the British Cabinet constantly had in mind British public opinion and Germany as she was today under Hitler's leadership, and was weighing how big a price England would be justified in paying in any attempt to bring Germany back on some lasting basis into international comity.

RAY ATHONTON

740.00/149 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, April 22, 1937—9 p. m.
[Received April 22—7 : 20 p. m.]

516-522. I was informed today by the Belgian Ambassador and the French Foreign Office that the British and French had submitted to Belgium their notes with regard to Belgium's new position in international affairs; that the Belgian Government had not yet commented but that the notes probably would be made public within the next few days.

The Belgian Ambassador informed me in addition that he believed the German Government probably would issue a statement guaranteeing Belgium.

The Belgian Ambassador went on to say that Belgium is absolutely determined not to permit her soil to become the battleground of the next war; nor to permit either the foot of a German, British or French soldier to be placed on her soil.

Now that this new policy of Belgium, which was originally announced in the speech of the King last October, is about to become a reality, its effect on the position of France in Central and Eastern Europe has become a subject of acute disquiet throughout Central and Eastern Europe.

For example, the Polish Ambassador in a highly confidential conversation said to me that at the recent conference which Beck⁶ had held with all the Polish Ambassadors in Europe, it had been decided that the barring of Belgium to the passage of French troops would render the Franco-Polish alliance virtually useless. He went on to say that Poland's position vis-à-vis Germany would be so weakened that a serious reconsideration of Polish foreign policy must be envisaged.

The Polish Ambassador pointed out that the position of Czechoslovakia would be affected as disastrously as that of Poland. In this

⁶ Jozef Beck, Polish Minister for Foreign Affairs.

connection Delbos said to me a few days ago that Beneš had asked him recently if France would have any objection to Czechoslovakia attempting to work out a more friendly relationship with Germany. He had replied that France would have no objection. I discussed this question with Léger⁷ today who said that he considered it within the bounds of possibility that Czechoslovakia would now press to reach a nonaggression agreement with Germany similar to the German-Polish agreement.

European politics today are based essentially on the military position of the great powers, and, although it is arguable—and is argued by the French Foreign Office—that France's defensive position will be strengthened and not weakened by the new status of Belgium, no one can argue that France's offensive position—that is to say her ability to come to the aid of Poland or the Little Entente—has been strengthened. Indeed there is general agreement that recent developments are closing rapidly the door to French influence in Central and Eastern Europe.

I have information which I believe to be reliable that the Germans have now constructed to the east of the Rhine from Switzerland northward to Karlsruhe a series of fortifications which though less elaborate do not compare unfavorably with the French Maginot line. Competent military observers, including our Military Attaché, believe that a French attack on Germany from Alsace in the face of these fortifications and the obstacle presented by the river itself is out of the question.

If Belgium is now to be considered as a neutral state like Switzerland, France can advance on Germany therefore only through the zone of about 125 miles which separates the Rhine from the southernmost point of the Belgian frontier. This territory is for the most part very difficult to traverse. Our Military Attaché estimates that Germany could hold this short front with less than half her army against an attack of the whole French Army. Furthermore, Belgium's refusal to allow France to use her territory for airplane bases from which to attack the Ruhr weakens the situation of the French aviation arm.

I discussed this position with Léger today and he said with some diffidence that the French General Staff did not consider either the Rhine or this short line unattackable and insisted that Belgium's new position would not diminish the influence of France in Central and Eastern Europe. I know no competent observer, either political or military, who agrees with this point of view which the French Foreign Office feels obliged to maintain.

⁷ R. A. Alexis Léger, Secretary General of the French Ministry for Foreign Affairs.

When I asked Léger how he expected France to support Czechoslovakia in case of attack by Germany, he said that there were plans already made to support Czechoslovakia by expeditionary forces which would pass through Rumania and Yugoslavia. I said that this seemed to me somewhat fantastic but he replied that plans had actually been drawn up for such expeditions!

In conjunction with the position of Czechoslovakia Coulondre, French Ambassador in Moscow who is in Paris at the moment, has said to me that he is certain that Russia will not support Czechoslovakia in case of a German attack on Czechoslovakia. He said that aside from minor pieces of evidence on this point he had one major piece. He and a French general had been talking recently with Litvinov and the French general had asked Litvinov pointblank, "If Germany attacks Czechoslovakia will you send support to Czechoslovakia?" Litvinov had replied, "No". Coulondre said that Litvinov later had covered up the "no" by saying, "We should wait to see what France would do and would do whatever France might do." Coulondre said that in his opinion the "no" was decisive and sincere.

In view of these developments it is only natural that Poland, Czechoslovakia, and the other states of Central and Eastern Europe should be beginning to lose whatever confidence they had had in the effectiveness of French support and should attempt to come to terms of one sort or another with Germany. Léger today admitted that he expected this to happen; but added that neither Poland nor Czechoslovakia nor any other state of Central and Eastern Europe would have any confidence in any promises which Germany might make and while cultivating better relations with Germany would attempt to do everything possible to obtain additional support from France and England.

Both Delbos and Léger are in agreement that it is highly improbable Germany will risk war during the next 12 months since Germany will need about 12 months to [effect?] alterations due to the defects in her aviation motors and her tanks which became visible in Spain. They are both apprehensive, however, that Hitler may possibly decide at some time during the next 12 months to provoke a Nazi revolt in Austria and support it by so-called "volunteers" from Germany.

In this connection the Austrian Minister stated to me a few days ago that he had certain knowledge that the basis of the agreement between Hitler and Mussolini with regard to Austria was that Hitler had said that he would not intervene in Austria unless Otto should be placed on the Throne; that Mussolini had accepted this exception because he was confident that the influence of the Catholic Church and the Vienna Jews would be sufficient to keep Austria from turning Nazi without the return of Otto. Hitler had made the proposal

because he was confident that unless Otto should return the Nazi movement in Austria would overcome all opposition.

Léger said that he had [recently?] received information from Austria that the Germans had mobilized some troops on the Austrian frontier. He did not regard this as a serious threat of immediate action.

Both Delbos and Léger believed that Hitler has not decided on his next move. For the moment he is keeping open all possibilities. He will have Schacht⁸ explore the possible advantages which Germany may achieve by entering into international economic agreements and following a policy of peace. He will prepare at the same time for a policy of war.

I cannot find anyone in Paris, including the members of the French Foreign Office, who believes that Van Zeeland's⁹ efforts may be crowned with success. Frère¹⁰ who visited London recently for Van Zeeland and had a series of conversations chiefly with Leith-Ross¹¹ said to me today that he had found the British extremely negative.

In general therefore the expectation in Paris is that there will probably be no war before next spring but that during that period French influence will diminish and German influence will increase throughout Central and Eastern Europe and that Hitler may move on Austria.

BULLITT

740.00/171

The Minister in Norway (Biddle) to the Secretary of State

No. 437

OSLO, April 30, 1937.

[Received May 13.]

SIR: In relation to my despatch No. 428 of April 23, 1937,¹² I have the honor to inform the Department that, following the return of Foreign Minister Koht from the April meeting of the Foreign Ministers of the four Northern States at Helsingfors, I took occasion on the 29th instant, to inquire of him as to the basis for rumors current in Oslo to the effect that an attempt was afoot designed to lead to the

⁸ Hjalmar Schacht, German Minister for Economic Affairs and President of the Reichsbank.

⁹ Paul van Zeeland, Belgian Prime Minister; for his economic mission, see pp. 671 ff.

¹⁰ Maurice Frère, assistant to Van Zeeland on mission; a Belgian who was formerly the Counselor of the National Bank of Austria.

¹¹ Sir Frederick Leith-Ross, Chief Economic Adviser to the British Government.

¹² Not printed.

formation of a bloc consisting of the neutral Scandinavian, and the Baltic countries, with the possible exception of Poland, as a buffer cordon between the Soviet Union and Germany.

Mr. Koht, in reply, and with particular reference to the visit to the Baltic States of his Swedish colleague, Mr. Richard Sandler, voiced the view that there could never be an alliance along military lines between the Scandinavian and Baltic countries. He remarked that the latter have, so far, not succeeded in coming to an agreement among themselves. Besides, the interests of the two groups of States were dissimilar. Indeed, Mr. Koht went so far as to express a belief that the essential purposes of the two groups of lands were so unlike as to make any sort of an alliance highly improbable. About all that could be expected was a closer and more sympathetic understanding than at present existed, based on cultural contacts. Mr. Sandler's visits could be interpreted as moves toward bringing the States on both sides of the Baltic Sea into a better fellowship, but not as having an accord of any kind as an objective.

Mr. Koht described Finland as being the natural intermediary between the Scandinavian and Baltic countries. Hitherto, despite the similarity between the languages of Finland and Estonia, the Finns had inclined toward the Northern group, at least during the past few years, and this orientation would in all probability continue and might be accentuated.

As for Poland, in Mr. Koht's opinion, the fondest ambition of Colonel Beck has for some time past been that of seeing Poland assume the leading position in a big Baltic bloc. Despite the evident obstacles in the way of fulfillment of such a dream, Mr. Koht fancied that the Polish Foreign Minister still entertained it.

I append, in the form of an enclosure¹³ and as of interest, press comment related to the recent Helsingfors meeting, and to questions of Norwegian national defence.

It may be pertinent to add, in the latter connection, that Mr. Koht recently mentioned to me a conversation between a Scandinavian diplomatist and a representative of the Soviet Union during which the former stated that while, in case of European hostilities, the Russian forces could doubtless overrun portions of Norway, it would be unwise for them to attempt long to hold Norwegian territory. The tenacious and combative nature of the Norwegians, joined to the wild and rugged character of their country, would oblige an invader to suffer an endless and destructive guerrilla warfare the burden of which would in all probability outweigh any advantage which might come from territorial occupation. Mr. Koht had heard that the Russian had been considerably impressed with this point of view and had

¹³ Not reprinted.

stated that he would bring it to the attention of his Government. I myself feel that any invader of Norway would find himself harrassed by the population which, indeed, has never been subdued by any non-Scandinavian Power.

Respectfully yours,

A. J. DREXEL BIDDLE, JR.

740.00/157 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, April 30, 1937—3 p. m.

[Received 8:45 p. m.]

93. It is difficult to assess accurately German official opinion with regard to the recent Mussolini-Schuschnigg conversation at Venice and the new status of Belgium and Eden's visit to Brussels. Our impression, however, is that both are considered generally satisfactory here.

While Mussolini may not have betrayed Austria to the extent which many believe and the German press would seem inclined to imply, yet it is impossible not to feel that the Venice conversation revealed a marked departure from the "watch on the Brenner" attitude and is a strong bid by Mussolini for German support either with regard to Spain or to protection in the event of Anglo-Italian difficulties in the Mediterranean or for both reasons.

The Austrian Legation here, while taking no idealistic view of the unfavorable potentialities of the Venice discussions, feels warranted in still clinging to the one trump card which Austria has, namely, the conviction that Mussolini will always want to avoid actually having Germany at the Brenner if for no other reason than the upper Adige question. The Legation feels, therefore, that while Mussolini will go far in seeming to fall in with German designs as to Austria in particular and Central Europe in general, in the last analysis he does not intend entirely to abandon Austria to her fate. On the other hand as concerns Czechoslovakia, the Legation believes that Mussolini cherishes a personal dislike for Beneš which is translated into hostility toward Czechoslovakia, an unwillingness to see the latter associated with Rome protocol ideas, and quite possibly an Italian acquiescence in any German designs on Czechoslovakia which is more and more isolated and so increasingly tempting to radical German designs.

The Austrian Legation is puzzled properly to estimate innumerable visits between the Italians and Germans such as Goering, Neurath, Blomberg,¹⁴ and numerous industrial Commissions, cabinet and army officers, et cetera. We also feel that it is difficult to say whether this evidences an increasing strength in the Berlin-Rome Axis or is a bol-

¹⁴ Field Marshal Werner von Blomberg, German Minister for Defense.

stering up effort by one side or the other to give the appearance for tactical reasons of a strength which does not exist in fact. Our conversations with army officers and other officials certainly indicate no change in the fundamental distrust and lack of respect by Germany for Italy's military capacities and reliability. Yet there is every outward indication of an intensification of Italo-German *rapprochement*.

Regarding German-Belgian relations and Eden's recent visit to Brussels editorial comment on Spaaks statement thus far seen confirms the opinion that Germany is generally satisfied. The Belgian position is the natural consequence of French defection with regard to implementation of Covenant in Abyssinia affair and is analogous to Swiss position then and recent statements by Dutch Government. As estimated in 1935, collective security in the present League form and execution becomes an unbearable danger for the smaller states when they are forced to realize that the great powers will only support article 16 as if and when to their individual interests.

Parenthetically Beck's visit to Bucharest is generally interpreted by the local press as an effort by Poland to assure herself that Rumania still properly estimates the Bolshevik menace and so to strengthen Poland's flank against the Soviets.

The frequent and repeated interchange of visits, discussions, and negotiations among so many of the European powers prove again how uncertain they all are regarding their own best interests and alignments. Barring accidents and sudden upsets with especial reference to Czechoslovakia, we feel that these contacts will continue increasingly at least during this summer before anything definite may emerge, pointing either towards political economic arrangements in a general framework helpful toward permanent alliances establishing new balances of power after which political and economic stabilization may be feasible among these alliances. The difficulty in the present modern complexities of commerce and proximities of international life and interests as well as the realization of the danger of war and its doubtful effectiveness as an instrument of national policy would seem unconsciously to be prolonging the gropings-about for permanent alliances. It may be that these factors will in the end show that each country's interests are involved with so many other states that the former clear-cut alliances and balances of power are no longer practicable. This might indicate that blocs whether ideological or otherwise are no longer feasible thus laying the basis for a general cooperation in Europe on compulsory and so on realistic enduring grounds.

Copies mailed to London, Paris, Rome, Prague, Bucharest, Budapest, Moscow, Brussels, Warsaw, Riga, Constantinople, Vienna, Belgrade, Sofia.

740.00/156 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, April 30, 1937—5 p. m.

[Received 6:30 p. m.]

556-557. I lunched today with Delbos and Sir Eric Phipps, the new British Ambassador. Delbos admitted that he felt the ability of France to come to the assistance of Czechoslovakia or any other state of Central or Eastern Europe had been diminished greatly by the new policy of Belgium. He said that, in view of this diminution of France's ability to come to the assistance of Czechoslovakia, he felt that it would be necessary in order to save Czechoslovakia from Germany to have the British Government make it clear that in case of a German attack on Czechoslovakia Great Britain would go to war for Czechoslovakia.

Reference was then made to the recent statement of the British Foreign Office to Beneš that Great Britain was not [dis]interested in the fate of Czechoslovakia. Delbos said that he considered this insufficient and urged Phipps to obtain from his Government a definite promise to support Czechoslovakia. Phipps replied that the British Government could not make any such promise in advance and could only act as it saw fit if a German invasion of Czechoslovakia should occur.

Phipps who has just been transferred to Paris from Berlin exhibited a hostility to Germany and the German Government surprising to me. I questioned him with regard to Germany's colonial demands. He said that the German Government had informed him that it would be satisfied with nothing less than the return of all the colonies taken from Germany by the Treaty of Versailles. He went on to say that he considered Hitler a fanatic who would be satisfied with nothing less than domination of Europe.

There was much conversation between Delbos and Phipps on the theme that peace might be preserved in Europe if England and France should show their teeth to Germany and have behind them the benevolent neutrality of the United States. Both Delbos and Phipps expressed themselves as extremely satisfied by our neutrality legislation.¹⁵ They agreed that it was now desirable to attempt to push conversations with regard to settlements in the matter of armaments not because they thought that any result would be achieved but because they felt it would be desirable to keep Germany talking about something while Britain rearmed.

I gathered that both the French and British Governments had encouraged Hitler to prepare proposals for Geneva with this end in view.

¹⁵ See pp. 868 ff.

Both Delbos and Phipps were of opinion that Hitler could now take Austria at any time he might choose without creating serious international complications.

BULLITT

740.00/158 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, April 30, 1937—midnight.

[Received May 1—1:06 p. m.]

563 and 565. In the course of a long conversation this afternoon Sir Eric Phipps stated to me that he did not see the faintest possibility of coming to any agreement with Hitler. He was certain from his experience in Berlin that the only thing which could impress the Germans today was military force. He believed that any negotiations which might be begun today with Germany by England or France would end in failure unless France and England should be prepared to accord Germany absolute domination of the international situation.

He said that the Germans frequently had approached him with the statement that they desired the most friendly and closest relations with Great Britain but that they had followed this remark invariably with the statement that there were really only two nations in Europe which amounted to anything, England and Germany, and that they should divide between them the domination of the Continent. He said that this policy would mean the end of international morality. I suggested that it might also mean the end of the British Empire since when Germany had established a sufficient dominance on the Continent she would be in a position to turn her attention to Great Britain.

He replied that in any event it was his opinion and that of his Government that the only chance of preserving peace was for Great Britain to rearm as fast as possible and during the period of rearmament try to keep Germany quiet.

He added that he thought that if France and England should remain on the most intimate terms of friendship and should have behind them a benevolently neutral United States, Germany would hesitate to risk a major war. He repeated emphatically to me the statement that he had made to Delbos reported in my 556, April 30, 5 p. m., with regard to Czechoslovakia. He said that it would be absolutely impossible for Great Britain to promise to come to the support of Czechoslovakia if Czechoslovakia should be attacked by Germany. He again expressed the opinion that Germany could take Austria at any time she liked and added that Neurath had said to him after his

return from his recent trip to Vienna that Austria was such a ripe fruit that Germany was no longer worried about the date at which it would fall into Nazi hands.

Sir Eric then said that he was somewhat disappointed to find that there were people in Paris who still believed that it might be possible for France to come to terms with Germany. He considered this totally impossible.

He also expressed the opinion that little or nothing could be achieved by Van Zeeland.

I gathered the general impression from a long conversation that Sir Eric has been instructed during his mission in Paris to prevent the French from having any tête-à-tête conversations with Germany, that the policy of Great Britain is still to keep the continent of Europe divided, that the determination of Great Britain to rearm as quickly and completely as possible is absolute and that little or nothing is to be expected from Great Britain in the way of support of the policy of reduction of barriers to international commerce and restoration of the economic life of the world.

BULLITT

740.00/170

*Memorandum by the Ambassador in the United Kingdom
(Bingham)*¹⁶

[LONDON,] May 3, 1937.

I renewed my conversation with the Foreign Secretary this morning and referred to Mr. Chamberlain's statement which appears in my No. 256, April 30, 6 p. m.,¹⁷

"When I scan the international horizon today it seems to me that, in spite of certain still threatening clouds, there is a very definite and perceptible lightening of the tension.

I seem to see some indication of more general recognition that we cannot go on as we are doing now, and that we have got to turn our minds to find some new method of approach to these hitherto insoluble problems.

And if the political knots are still so hard that it seems impossible to unravel them, may we perhaps not find an easier and more fruitful approach on the economic side?"

and asked him if this meant any change in the attitude of the British Government towards the German Government. He said it did not; that his Government, of course as it always had, desired to see Germany returned to the comity of nations and was willing now as it always had been to bring this about, but that so far the only progress

¹⁶ Transmitted to the Department by the Ambassador in his despatch No. 3050, May 3; received May 12.

¹⁷ Not printed.

which had been made in his opinion had been made through British rearmament; and that this had had an effect upon the utterances of Hitler, which were more restrained; that he felt on the whole that Germany was definitely getting weaker as a result of their failure to secure substitutes for their necessary raw materials, the reports his Government received being that they found some of these substitutes unsatisfactory and others too costly to make. He felt on the other hand that France on the whole was stronger than it had been and, viewing the whole situation, he was less anxious than he had been six months ago, despite the fact that some unexpected event might precipitate grave consequences.

I called his attention to a report this morning that the French were disturbed over the conversations progressing between Poland and Rumania. He said he felt there was no real ground for disturbance on this score and that Beck had told him several times and also comparatively recently that it was his purpose to maintain Poland in an independent position and together with Rumania to form a buffer between Germany and Russia. At the same time, while his main reliance was on France, he meant to promote satisfactory relations with Germany so far as that was possible.

He asked me to say in the utmost confidence that tomorrow he proposed to take up before the Non-Intervention Committee¹⁸ the question of aerial bombardment of open towns; that he had felt out the Ambassadors and, while the German Ambassador showed the greatest reluctance to go into this question, he felt that no one of them could afford to refuse at least to discuss it. He stressed the confidential nature of this communication because the matter would not be taken up until tomorrow and no advance information had been given about his purpose to do so.

He reiterated Italy's weakened position as a result of their intervention in Spain and the drain upon them through their Abyssinian venture and said that there was no basis for real cooperation between Italy and Germany because there was a necessary antagonism on the part of Italy against Germany's control of Austria and moreover because the Germans maintained an attitude of contempt towards the Italians.

He returned to the effect both on Germany and elsewhere of the rearmament program in Great Britain and said that the rearmament program in the United States was also having its effect, especially upon the Japanese, who had recently made overtures towards an understanding vis-à-vis China; that while this was yet in an indefinite

¹⁸ This Committee consisted of representatives, meeting at London, of the 27 European countries which had accepted the Non-Intervention Agreement renouncing intervention in the Spanish Civil War. See *Foreign Relations*, 1936, vol. II, pp. 437 ff., and *post*, pp. 215 ff.

state, he felt that there had been a change in the Japanese attitude and this was evidenced by the fact that his Government had definite information that the Japanese were behaving much better in North China and even now going to the extent of helping to prevent smuggling at the border. In addition, he stated that he was sure the move made by the Japanese Government towards a form of entente with the German Government was very unpopular in Japan and that this had had its effect upon the Japanese militarists.

I told him that George Lansbury had come to see me on Friday and had told me of his talk with Hitler and of his report made to the Foreign Secretary himself. In this connection, Eden, stating his high personal regard for Lansbury, said that he felt that he was mistaken in his conclusions and repeated to me what he had said on another occasion—that he was convinced that the time was not ripe for any attempt towards a peace conference, although he hoped that the progress of rearmament in Great Britain and in the United States as well, and the stronger position of France might lead Germany to the conclusion that it had more to gain by cooperating and collaborating with other powers than it could possibly hope to acquire through war.

He ended by assuring me that he would keep me fully and definitely informed at all times.

R. W. B[INGHAM]

760F.62/74 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 5, 1937—11 a. m.

[Received 4 p. m.]

575-576. Osusky, Minister of Czechoslovakia, who has just returned to Paris yesterday afternoon, confirmed the report which I had already had from Delbos to the fact that the German Government had rejected Czech overtures for reconciliation. He said that the Czechs had gone so far as to invite the German Military Attaché in Praha to make a full inspection of their aeroplane fields; and their military preparations of all sorts. He added that the Czechs had invited the German Government to send anyone that they might wish to investigate the situation of the Germans in Bohemia. The German Government had refused these proposals.

Osusky went on to say that the Government of Czechoslovakia during the past few months had made the most intense efforts possible to work out *rapprochement* with Austria; that Schuschnigg has become convinced that this was desirable and has gone to Venice in an enthusiastic mood to ask Mussolini's blessing for the proposed *rapprochement*. He said that Mussolini had flatly vetoed any such *rapproche-*

ment. His explanation was that Mussolini felt his situation in the Mediterranean was so insecure that he could not afford to displease Germany in any way. Osusky stated that Beneš and Schuschnigg were determined to work for closer relations between Czechoslovakia and Austria in spite of Mussolini's objections.

Osusky went on to say that he was still confident that France would come to the assistance of Czechoslovakia at once if Germany should attack Czechoslovakia but he did not know if this would continue to be the case after the French public had realized fully the consequences of Belgium's new status (see my telegram No. 556, April 30, 5 p. m.).

He concluded by saying that in his opinion the situation of all the states of Central and Eastern Europe vis-à-vis Germany would become desperate unless Great Britain should decide shortly to assist France in maintaining by force the *status quo* in Central and Eastern Europe. He believed that Austria was in far more danger than Czechoslovakia. He did not believe that the Germans would dare to attack Czechoslovakia until next spring but they might decide to take over Austria at any time.

BULLITT

740.00/164 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 6, 1937—3 p. m.

[Received 4:50 p. m.]

584-588. In the course of a long conversation last night Delbos expressed to me his "despair" of inventing a working foreign policy which might preserve peace in Europe. He said that day and night he was occupied in thinking of how he could keep Central Europe from falling into the hands of Germany. He had been unable to invent any scheme which seemed to him likely to achieve success. Every time that he suggested to Czechoslovakia, Rumania, Yugoslavia or Austria that they should together with France take a more decided attitude of opposition to Germany the reply was "we should be very glad to do so if England would join France in guaranteeing us against Germany. France is not strong enough to protect us alone especially in view of the new status of Belgium. We cannot therefore carry out an anti-German policy".

He said that he had had another conversation with Sir Eric Phipps in addition to the one in which I had participated (see my telegrams 563 and 565).¹⁹ The conversation had been long and intimate. Phipps had made it entirely clear to him that Great Britain would not guarantee either Czechoslovakia or Austria to say nothing of Rumania.

¹⁹ *Ante*, p. 85.

He did not despair of persuading Belgium to alter somewhat her attitude with regard to the passage of French troops. In fact he had decided to make a trip to Belgium in the very near future in order to talk with the King, Van Zeeland and Spaak on this subject. He said that he would probably go secretly and asked me not to mention the matter for the moment. He added that his visit might be made officially and publicly.

Delbos said that he had discussed with Sir Eric Great Britain's attitude toward the entire European situation. He had derived the impression from his conversation with Sir Eric that the British would do nothing effective to support Van Zeeland's inquiry and he believed that Van Zeeland's efforts were doomed to failure. He had asked Sir Eric whether Great Britain was prepared as France was prepared to make concessions to Germany in the colonial field. Sir Eric had replied that France might do what she pleased but Great Britain would not give Germany one inch of the territory of the British Empire including mandated territory.

Delbos went on to say that Schmidt, the Austrian Foreign Minister, would reach Paris on May 19th and he, Delbos, would not know what to say to him. France alone could not possibly march to the support of Austria. Mussolini had made it clear to Schuschnigg that he would do nothing to keep Austria from falling into Germany's hands. Mussolini furthermore had told Schuschnigg that he was entirely opposed to the project for *rapprochement* between Austria, Czechoslovakia and Hungary. It was he, Delbos, who had initiated this *rapprochement* and he hoped that Schuschnigg and Beneš would go ahead with it in spite of Mussolini's disapproval. He still had some faint hopes that such a *rapprochement* might become the nucleus around which the other states of the Danubian basin could group themselves but he was by no means optimistic. He had tried to draw Poland into better relations with Czechoslovakia by the recent French loan to Poland but Poland was remaining as hostile to Czechoslovakia as ever.

Delbos went on to say that Schuschnigg had shown great courage in his conversation with Mussolini at Venice. He had said to Mussolini that he could not and would not detach Austria from Czechoslovakia, that they were both menaced equally by Germany, that if one should be swallowed the other would be shortly after, that they might be weak but that they should stand or fall together.

Delbos added that he believed Schuschnigg would hold out to the end against absorption by Germany because he knew that the Pope was doing everything possible not only to support Schuschnigg against the Nazis but to influence Schuschnigg to resist to the end. In view of Schuschnigg's intense religious convictions he believed that this

attitude of the Vatican would be decisive in preventing Schuschnigg from working out any reconciliation with the German Government.

(Incidentally Titulescu during his recent stay in Paris did everything he could to spread the belief that Beck had tried to persuade the Rumanian Government to take an anti-Czech stand. Titulescu exhibited to me and no doubt to a great many partial people in Paris what purported to be the originals and photostatic copies of many important documents of the Rumanian Government.

He succeeded in getting Delbos to make strong representations in both Bucharest and Warsaw. I have heard the entire story now at length from Titulescu, Delbos, and Lukasiewicz, the Polish Ambassador in Paris. It would appear to be that Beck's conversations in Rumania were directed almost entirely toward attempting to strengthen Rumania-Polish cooperation against the Soviet Union and that Beck made no attempt to turn Rumania against Czechoslovakia. Delbos said to me last night that Titulescu had seemed to him unbalanced and wild in his statements.

It is, however, true as I have pointed out before, (see my No. 536, April 26, 8 p.m.²⁰) that the Poles feel that their best chance for safety in the immediate future lies in having Germany so occupied with driving toward the south through Czechoslovakia and Austria that Germany will cherish the maintenance of Polish independence since Poland will afford Germany a buffer against Soviet attacks during the period of German advance southward.)

Delbos once more stated emphatically that if Germany should attack Czechoslovakia, France immediately would declare war on Germany. He said that he realized fully that the line of the Rhine from Switzerland to Karlsruhe was so fortified as to be almost unattackable. The only possible line of attack against Germany would be the 150 kilometers between Karlsruhe and Luxemburg. This front was so short that a small portion of the German Army could hold up the French Army leaving the major portion of the German Army to operate against the Czechs and Austrians. In his discussion of this question he was so gloomy that for the first time I caught a note of irresolution and I suspect that after Delbos has visited Belgium and found that it will be impossible under any conditions to obtain the approval of the Belgian Government for a march through Belgium against Germany the decision of the French Government to go to war on behalf of Czechoslovakia may weaken.

In conclusion Delbos said that it was clear that France was no longer strong enough to maintain the *status quo* in Central Europe against an opposition composed of Germany and Italy. France could take a strong position only if she should have the absolute support of

²⁰ Not printed.

England. Until England should be fully rearmed he feared that England would not take any strong position with regard to Central Europe. He was at his wits end to devise a method of meeting the problems which had now arisen.

BULLITT

740.00/169 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 12, 1937—1 p. m.
[Received May 12—11 a. m.]

620. François-Poncet, French Ambassador in Berlin, whose judgment with regard to events in Germany is often remarkably accurate, stated to me yesterday that he had never been so pessimistic with regard to Germany's intentions as he was at the present moment.

He said that he believed Schacht was now without any real influence on Hitler. He believed that the Germans would continue to talk about their desire to enter into economic collaboration with the rest of the world; but would ask a price for their abandonment of economic autarchy which the world could not accept, I added they had already indicated that a part of the price would be the return of all the colonies that were taken from them by the Treaty of Versailles.

He believed that Schacht's conversations would be in reality a smoke screen behind which Hitler would await the propitious moment to lay hands on Austria and Czechoslovakia. He felt certain that the *status quo* in Central Europe would not remain intact for another 12 months. If the Germans should take over Austria it might not mean general war. If they should attack Czechoslovakia, France would march at once; England would be compelled to mobilize and within a few weeks the entire Continent would be at war. He added that he had never known the Nazis to be so confident or so difficult to deal with.

BULLITT

740.00/173 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, May 14, 1937—3 p. m.
[Received May 14—11:20 a. m.]

104. I talked half an hour with von Neurath yesterday about three subjects and his statements were as follows:

The economic situation in Germany is still critical and we see no prospect of an international, financial or economic agreement necessary as that is. Professor Sprague's²¹ idea of a gold regulation is good

²¹ Oliver Mitchell Wentworth Sprague, professor of banking and finance, Harvard University; former financial and executive assistant to the Secretary of the Treasury.

but we can do nothing. We are trying to decrease our rate of armaments but must find other employment for workers since we can make no financial change in a considerable time.

When I asked the Foreign Minister about his talk with Mussolini he revealed the same distrust that Lord Lothian²² told me Hitler had revealed to him on May 3 [4?]. When I asked about the Spanish situation he very earnestly said that Mussolini had promised he would send no more troops there and that he was ready to agree with England and Germany to have the Non-Intervention Commission settle matters; and Neurath added that he had opposed the German-Italian Spanish move from the beginning.

Since the German press reported the day before that the English press was advising a general Balkan conference when the coronation ceremonies were over, I asked the Foreign Minister what Germany would say to that. He at once advised strongly against it but added that Germany was getting into closer relations with England and hope later to have a western power pact under which boundaries would be guaranteed. He blamed Italy for its press quarrel with England but indicated that those countries could not come into close relationship for a long time.

It was plain from the talk that Germany is at present cultivating England but not abandoning its relations with Italy as to the control of the coveted Balkan areas.

Dodd

740.00/178 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 20, 1937—7 p. m.
[Received 7:43 p. m.]

652-655. I lunched with Blum today. He expressed the opinion that the net result of all the recent political conversations in London and Paris would be very small.

He said that Eden and Chamberlain had assured the French, the Austrians, and the Czechs that they were not disinterested in the fate of Czechoslovakia and Austria but that Eden had made it entirely clear to Guido Schmidt, Austrian Foreign Minister, that it would be very difficult to persuade the British public to go to war on behalf of Austria.

Blum said that Schmidt in his conversations in both London and Paris had been most reserved. He had said that Austria's position was based on maintaining close contact with Italy and on develop-

²² Philip Henry Kerr, Marquess of Lothian, in the course of an unofficial visit to Berlin conversed on international affairs with Herr Hitler and Field Marshal Goering.

ing friendly relations with Germany. He intended to continue to push as hard as he could for closer relations with Hungary and Czechoslovakia but he could not take any position which would lead to an open break with Germany or Italy.

Blum said that Hodza, Czech Foreign Minister, was doing everything that he could to bring about close relations between Austria, Hungary, and Czechoslovakia and that he did not despair that the negotiations in progress might produce some result.

Blum said that Litvinov had assured him categorically that if Germany should attack Czechoslovakia and if France should go to war with Germany to defend Czechoslovakia, the Soviet Union would make war on Germany at once.

I commented that I did not see how the aid of the Soviet Union could be very effective in view of the condition of Soviet roads and railroads leading to the west and in view of the fact that Soviet planes and armies could not cross Poland or Rumania. Blum said that he felt Rumania was so closely bound to Czechoslovakia and had such a keen sense that Rumania would be a tempting morsel for Germany if Czechoslovakia should succumb that the Rumanians would cooperate with Czechoslovakia and the Soviet Union in case of German attack on Czechoslovakia.

Blum agreed that Hitler had the political initiative on the continent of Europe at the moment and he did not see any way to take this initiative out of the hands of Germany. It was tragic but true that at the present time the situation was beginning to resemble more and more the situation before 1914. He could see nothing better to do than to recreate the close entente between England, France, and Russia which had existed before 1914. Litvinov had requested him to do his utmost to bring about a *rapprochement* between England and the Soviet Union. He believed that the single chance of preserving peace in Europe would lie in such a *rapprochement* and therefore he favored it.

I suggested that it would not be easy to convince the present British Government to have close relations with the Soviet Union especially in view of the recent wholesale exilings and shootings. Blum said that he did not believe it would be any more difficult for the British Government to work with the present Russian Government than it had been before the war for the French Left Governments to work with Czarist Governments. In any case he felt that there was no other alternative and he intended to try to bring about closer relations between Great Britain and the Soviet Union.

All the information that he had received recently led him to believe that relations between Italy and England were bound to grow worse. He was convinced that the basis of the recent conversations between

Germany and Italy had been that Mussolini had agreed not to oppose Hitler's ambitions in Austria, Czechoslovakia, and Hungary in return for German support in the Mediterranean. He thought that Mussolini now intended to attempt to establish himself with increased strength in the eastern Mediterranean and would need Germany's support and therefore could not oppose Germany in Central Europe.

I commented that in all this I could see nothing very constructive. Blum replied that the tragedy of his position at the present moment was that with the greatest will in the world on his part and on the part of the entire French people to achieve peace, there seemed to be nothing constructive to be done.

Blum asked me if Mr. Norman Davis had left for the United States and I replied that he had. He said that he regretted this as the French Government after consultation with the British Government last night had decided to invite both Germany and Italy to send representatives to the impending Disarmament Conference at Geneva.²³ Whatever the replies might be from Germany and Italy this would at least put them up against the problem of making some reply.

Schacht would be coming to Paris next week. He did not know what Schacht would have to suggest but in view of the fact that Schacht had ended all his recent conversations with a demand for the return of all the former German colonies taken from Germany by the Treaty of Versailles, he did not hope for ideal results. Delbos in London had discussed the question of return of German colonies with the British. The British had taken the position that they would not be ready to return German colonies to Germany merely to have Germany make further demands after the colonies were returned. If, however, the question of the return of some portion of the former German colonies to Germany should be the only capstone needed to complete a structure of peace for the world, it would [not] refuse to discuss the question.

I suggested to Blum that this was precisely what the British had said to Van Zeeland with regard to reduction of barriers to International commerce and the rehabilitation of the economic life of the world and that the British seemed to be reserving a large number of capstones.

He agreed that this was so and our conversation concluded with some remarks on the tragedy of a man who ardently desires peace and is at the head of a nation which ardently desires peace yet is overcome in any attempt to devise a method to achieve peace by the force of existing circumstances.

BULLITT

²³ See pp. 1 ff.

751.62/410 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 21, 1937—9 a.m.

[Received 1:05 p.m.]

660-665. I discussed with General Gamelin, Chief of the General Staff, last night the situation created by the new political position of Belgium. Gamelin's opinion did not differ in any essential respect from the views reported to you in my No. 576, May 5, 11 a. m., and previous.

Gamelin said that the ability of France to come to the assistance of Czechoslovakia or any other state of Eastern and Central Europe has been gravely diminished. France could no longer plan to march her troops through Belgium or base her planes on Belgian territory for attack on the Ruhr. Furthermore, as talks between the French and Belgian General Staffs had ceased there could be no certitude in making preparations for French support of Belgium in case Belgium should be attacked by Germany.

(Parenthetically Gamelin expressed great confidence in the defensive position of France. Experience in Spain had proved that a large city was the most formidable of fortifications. In case of German invasion of France, Roubaix, Tourcoing, Valenciennes and Lille would prove to be almost untakeable.)

He went on to say that Germany had already fortified thoroughly the line of the Rhine from Sweden [*Switzerland*] to Karlsruhe and that an attack between those points would be almost impossibly costly. The only remaining front on which the French Army could attack Germany was the 150 kilometer line between Karlsruhe and Luxemburg. The Germans at the present time were working insistently to fortify this short line. The French General Staff for its part was preparing a great quantity of cannon of the largest caliber and many heavily armed tanks for attack on this line. Gamelin expressed the opinion that great speed in tanks was of little or no value and that heavy armament was vital.

He went on to say that he believed that a sufficient preponderance of heavy artillery and heavy tanks might enable the French to attack successfully on this 150 kilometer front.

I asked Gamelin if it were not the consensus of French military opinion that in spite of the heaviest concentration of guns and tanks conceivable the Germans would be able to hold an attack on this short front by the entire French Army with one half their present forces. He agreed that this was probable.

I then asked Gamelin whether the information of the General Staff indicated that Germany would in the near future dare to risk

war with France. He expressed the opinion emphatically that Germany would not dare to take the risk but although Germany could unquestionably achieve large initial successes neither Germany nor Italy had the economic strength to fight a prolonged war and the Germans knew that in spite of initial successes Germany would succumb finally just as she had succumbed in the war of 1914-18 under the pressure of those nations which could fight for a long period.

I then asked Gamelin if he did not believe that as soon as the French people began to realize the new position of Belgium, that the French soldiers would have to attack heavily fortified German lines on a short front, public opinion would begin to turn against such a horrible sacrifice of French lives. He replied that public opinion rarely understood military questions.

I put the same question to Blum yesterday who made very much the same sort of reply; and reasserted emphatically his determination to lead France to war in case Germany should attack Czechoslovakia.

Herriot,²⁴ however, last night expressed to me the opinion that France with only 40,000,000 inhabitants could no longer regard herself as a great power of sufficient military strength or human resources to maintain her position in Central and Eastern Europe and bring effective support to her allies in those regions.

There is no doubt about the determination of the French Government at the present time to support Czechoslovakia in case of German attack on Czechoslovakia but it is certainly conceivable that this determination will weaken during the coming months.

In this connection it is perhaps worth while to note that Gamelin expressed again last night extreme skepticism as to any support which the Soviet Union might give to Czechoslovakia. He said that in the first place he did not believe the Russians would wish to march; if they should wish to march he did not believe their railroads and roads leading to Europe were sufficient to enable them to march to Czechoslovakia and further he did not believe that either Poland or Rumania would permit the passage of Russian troops.

In the course of the evening yesterday I had conversations also with Chautemps, former Prime Minister and now Minister of State, and Auboin, Undersecretary at the Conseil d'Etat, both of whom in much the same terms that Blum had employed earlier in the day expressed the opinion that Europe was drifting toward war; that there was no sign of a constructive policy which might bring peace and reconciliation and that the invention of such a policy was beyond the wit of man. In this connection Chautemps mentioned the possibility of intervention by the President of the United States; but only to comment that unless the President could back his words by pledging

²⁴ Edouard Herriott, President of the French Chamber of Deputies.

the support of the armed forces and the economic and financial strength of the United States against an aggressor words would be without effect. He added that of course he knew any such intervention by the United States was impossible.

BULLITT

740.00/184

The Under Secretary of State (Welles) to President Roosevelt

WASHINGTON, May 27, 1937.

MY DEAR MR. PRESIDENT: You will remember that in response to an oral inquiry on the part of the Secretary of the Treasury, communicated to him by the Financial Counselor of the British Embassy here, Mr. Chamberlain²⁵ sent a memorandum to the Secretary of the Treasury about March 30 last. The original of this memorandum is in the possession of the Secretary of the Treasury and I understand that you have read it. In the belief that you may not have a copy in your own files, I am enclosing a copy thereof in the event that you want to refer to it.

The Secretary of State believes that the reply to be made by this Government to Mr. Chamberlain's memorandum should be in the form of an informal memorandum to be handed to the British Ambassador here with the request that the latter see that it is communicated to Mr. Chamberlain.

Before Secretary Hull left the Department last week, he went over the general outline of our reply which has now been placed in final form and which I submit herewith for your approval. I have gone over it personally with the Secretary of the Treasury who tells me that he would prefer not to make any observations with regard thereto because of his feeling that the matters discussed in the suggested memorandum are outside of the scope of his jurisdiction. He does feel, however, that the reply should be made in the manner indicated.

I shall appreciate it if you will let me know whether the suggested reply meets with your approval and in that event, I shall hand it at once to the British Ambassador for transmission to Mr. Chamberlain.

Believe me [etc.]

SUMNER WELLES

[Enclosure 1]

Memorandum From the British Chancellor of the Exchequer (Chamberlain) to the Secretary of the Treasury (Morgenthau)

The Chancellor of the Exchequer has received Mr. Morgenthau's important message with the greatest interest. He has discussed it

²⁵ Neville Chamberlain, British Chancellor of the Exchequer.

with the Prime Minister and the Foreign Secretary and wishes to say how warmly they all three appreciate this evidence of Mr. Morgenthau's and—as they understand—the President's earnest desire to find some way in which the United States—possibly in conjunction with the United Kingdom—could help in preventing the outbreak of another war. Beset as they are with the difficulties and risks inherent in the present political situation in Europe, the Chancellor and his colleagues have given their most anxious consideration to this message.

In order to arrive at a proper appreciation of the possibilities of averting war it is necessary first to consider where the menace lies, and what are the causes which keep it alive. These causes are both political and economic and it is sometimes difficult to disentangle them from one another. But Mr. Morgenthau is undoubtedly right in saying that the needs of armament programmes are responsible for a good deal of the economic troubles in Europe and those programmes are in turn the result of political considerations.

The main source of the fears of war in Europe is to be found in Germany. No other country, not Italy, since she has her hands full with the task of consolidating her Abyssinian conquest,²⁶ not Russia with all her military preparations, certainly not France, England or any of the smaller Powers, is for a moment credited with any aggressive designs. But the fierce propaganda against other nations continually carried on by the German Press and wireless under the instructions of Dr. Goebbels, the intensity and persistence of German military preparations, together with the many acts of the German Government in violation of treaties, cynically justified on the ground that unilateral action was the quickest way of getting what they wanted, have inspired all her neighbours with a profound uneasiness. Even these islands which could be reached in less than an hour from German territory by an air force equipped with hundreds of tons of bombs cannot be exempt from anxiety.

The motive for this aggressiveness on the part of Germany appears to arise from her desire to make herself so strong that no one will venture to withstand whatever demands she may make whether for European or colonial territory.

With this intention in her heart she is not likely to agree to any disarmament which would defeat her purpose. The only consideration which would influence her to a contrary decision would be the conviction that her efforts to secure superiority of force were doomed to failure by reason of the superior force which would meet her if she attempted aggression.

²⁶ See *Foreign Relations*, 1936, vol. III, pp. 34 ff.

It is because of the belief that British forces would be available against German aggression that British rearmament plans have been welcomed by so many nations in Europe with a sigh of relief, and if they still feel anxious, their anxiety arises from their doubts whether this country's rearmament will be adequate or will be completed in time to act as a deterrent to German ambitions.

This being the situation in Europe as His Majesty's Government see it, they have no doubt whatever that the greatest single contribution which the United States could make at the present moment to the preservation of world peace would be the amendment of the existing neutrality legislation.²⁷ Under this legislation an embargo would be imposed on the export from the United States of arms and munitions, irrespective of whether a country is an aggressor or the victim of an aggression. It is obvious that the existing neutrality law and, a fortiori, any extension of it so as to include raw materials, suits the requirements of a country contemplating an aggression, which can and would lay up large stores of war materials with the knowledge that its intended victim will, when the time comes, be precluded from obtaining supplies in one of the greatest world markets. The legislation in its present form constitutes an indirect but potent encouragement to aggression, and it is earnestly hoped that some way may be found of leaving sufficient discretion with the Executive to deal with each case on its merits. Mr. Chamberlain realizes that this question is, apart from its international aspect, a matter of domestic controversy in the United States, and that it may well be impossible for the U. S. A. Government to take such a step even if they desired it, but in view of Mr. Morgenthau's request for the Chancellor's views he has thought that the U. S. A. Government would wish to have them expressed without reserve.

There is however another aspect of the same question. Japan in the Far East is another Power with far-reaching ambitions which affect the interests of this country in that region, not with the same intensity as those which touch her very existence, but in highly important respects. The strain upon our resources is therefore seriously aggravated by the necessity of providing for the protection of our Far Eastern and Pacific interests, especially as the most favourable moment for any enterprise in that region injurious to our position there would be precisely when we were engaged in hostilities in Europe. The conclusion of the recent German-Japanese agreement²⁸ is an indication, if one were needed, that if we were seriously involved in Europe we could not count even on the neutrality of Japan. Anything therefore which would tend to stabilise the position in the Far

²⁷ See pp. 868 ff.

²⁸ The Anti-Comintern Agreement, November 25, 1936; see *Foreign Relations*, 1936, vol. I, pp. 390 ff.

East would *pro tanto* ease our position there and safeguard us against added embarrassment in the event of trouble in Europe.

The advent of the new Government in Japan may herald a change of attitude, and there are other signs that the Japanese may realise that the recent trend of their policy has not been to their advantage, and that they are contemplating a change in the direction of better co-operation in the Far East and with the Powers which have great interests there. We would therefore welcome an exchange of views on the possibility of taking this opportunity to try to put relations between the U. S. A., Japan and Great Britain on a footing that would ensure harmonious co-operation for the protection and development of their respective interests.

Although Mr. Chamberlain believes it to be true that the political ambitions of Germany lie at the root of the economic difficulties in Europe, he is by no means blind to the advisability of trying by all practicable means to ease the economic situation, and in various directions His Majesty's Government is now engaged in exploring the possibilities of finding some relief. The conclusion of a commercial agreement with the U. S. A. Government would in the opinion of His Majesty's Government have far-reaching effects both by its practical advantages to the two countries and by the example it would set to others. Furthermore, the State Department will by now have been informed in confidence by H. M. Ambassador of a step which His Majesty's Government contemplate taking in concert with the French Government for the purpose of exploring the possibility of securing a relaxation of quotas and other restrictions on international trade. It is proposed to invite the Belgian Prime Minister to undertake for this purpose preliminary investigations in various European capitals, and possibly also in the United States.²⁹ M. van Zeeland has expressed his willingness to accept this mission, if invited, and would propose in the first instance to ask M. Frère, the Belgian economist, to make the first unofficial enquiries.

In connection with economic questions, there is a further matter that should be mentioned. Dr. Schacht last autumn had discussions with French Ministers on a number of topics and has more recently exchanged views with Sir F. Leith-Ross. The subject matter of these conversations (and so far as His Majesty's Government are concerned, the fact that the discussions have taken place at all) have been and are for the present to be kept secret. It is possible that these conversations may lead to more formal contacts with the German Government through the normal channels. This question is still under careful consideration by His Majesty's Government, and if no progress has been made up to date, it is because the matters raised by

²⁹ See p. 671 ff.

Dr. Schacht have concerned not so much purely economic matters, with which of course he is fully qualified to deal, but rather matters of wider political scope, more particularly the retrocession of the ex-German colonies, which have necessarily wide ramifications.

Mr. Chamberlain hopes that this frank exposition made in response to Mr. Morgenthau's message may prove helpful in clarifying the position and showing how it is regarded by His Majesty's Government. He earnestly trusts that some form of collaboration may be found possible between our two countries since he is profoundly convinced that almost any action common to them both would go far to restore confidence to the world and avert the menace which now threatens it.

[Enclosure 2]

*Informal Memorandum From the Department of State to the
British Embassy*³⁰

The message recently transmitted by the Chancellor of the Exchequer to the Secretary of the Treasury has been read with interest. The confidence shown by Mr. Chamberlain in thus communicating his appraisal of the international outlook as seen by the British Government and his observations in regard to the bearing of various policies of this country upon that situation are greatly appreciated.

Deeply concerned over the absence of a trustworthy basis in international relations and the presence of a constant menace to peace, this Government has been doing its utmost to formulate and to bring about effective application of a program which might serve to bring countries together on a more satisfactory basis than that which now obtains. If this Government emphasizes somewhat more than does Mr. Chamberlain the economic aspect of the matters which he discusses, it does so because it genuinely believes that if trade relations between nations can be broadened on lines and under conditions where it serves to advance economic welfare, existing political tensions would be thereby eased.

We therefore welcome the affirmation of Mr. Chamberlain that, although he believes that certain political ambitions lie at the root of the economic difficulties in Europe, he recognizes the advisability of trying all practicable means to ease the economic position. We realize that because of the intertwining of economic and political aspects of the present-day situation the British Government feels that it must at all stages keep its actions in the two fields closely related to each other.

This Government welcomes and of course wholly agrees with Mr. Chamberlain's statement as regards the far-reaching effects that would

³⁰ Handed by the Secretary of State to the British Ambassador on June 1, 1937.

follow the conclusion of a commercial agreement between the United States and the United Kingdom. In its reply to the British Government's memorandum of April 13,³¹ the Government of the United States gave full indication of its willingness to examine every feasible possibility of arriving at satisfactory terms for such an agreement. This Government believes that it is wholly within the range of practical possibilities to negotiate a comprehensive trade agreement between the two countries of such a character as would have a most beneficial effect upon Anglo-American trade and would, at the same time, serve as a model of the type of contractual arrangements among nations that can and will make for stable and prosperous trade conditions. This Government is convinced that the memorandum transmitted by it to the British Government on May 18³² provides a fair and feasible basis for such an agreement.

In this general field we see an opportunity for the two Governments to work together without delay in making a constructive move toward world peace, and nothing is of more paramount urgency at this stage.

With regard to the situation in the Far East, we concur in the opinion that orderly stability is desirable and we believe that measures which may be expected to contribute toward ensuring harmonious cooperation for the protection and development of the interests of all the powers concerned in that area should be sought, and, when and where discovered, be given support.

There are various matters in and with regard to the Far East in relation to which rights and obligations of the United States and those of Great Britain are alike; also, various matters in relation to which the interests, concerns and objectives of the two countries have many aspects in common. The principles of policy of the two countries are expressed in the Washington Conference treaties,³³ most of which treaties we regard as being still legally in effect. One of the most important of those principles is that of equality of commercial opportunity. That principle has always had and continues to have this Government's hearty support.

In the event of resort by any country or countries to measures of aggression in the Far East, we would expect to endeavor to afford within the limits of our general policy appropriate protection to our legitimate interests, but we are not, as we assume the British Government would not be, in position to state in advance what methods of protection this country would employ. It is the traditional policy of this country not to enter into those types of agreement which constitute or which suggest alliance. We feel that the governments

³¹ See vol. II, p. 24.

³² *Ibid.*, p. 29.

³³ Conference on the limitation of armament, Washington, November 12, 1921–February 6, 1922; see *Foreign Relations*, 1922, vol. I, pp. 1 ff.

principally interested in the Far East should endeavor constantly to exercise a wholesome and restraining influence toward conserving and safeguarding the rights and interests of all concerned, and toward preventing friction and development of tensions. We believe that consultation between and among the powers most interested, followed by procedure on parallel lines and concurrently, tends to promote the effectiveness of such efforts. As regards impairments or threatened impairments in the Far East of common or similar interests of the United States and of Great Britain, we shall continue earnestly to desire that there may be found satisfactory means for collaboration as in the past between our two Governments.

We note the statement that in the opinion of the British Government there are signs that Japan may realize that the recent trend of its policy has not been to its advantage and that Japan is contemplating a change in the direction of better cooperation with her neighbors in the Far East and with the powers which have great interests there. It appears to us that developments within and among the principal countries of the Far East are producing a trend toward or favorable to stabilization of the general situation there. We feel that with regard to Japan and China there are now actively at work within and between those two countries forces operating in the direction of peace. We are not oblivious to the fact that developments in the Far East may in due course call for the making of new political agreements, but we are of the opinion that if and when the time comes to proceed with the negotiation of such new agreements, the principles upon which they should advantageously be based could not deviate far from those to which the interested powers are already committed in treaties at present in existence.

During recent years the United States has faced—as has the British Empire—serious problems arising out of the sudden and marked expansion of Japanese trade. It has been our aim and effort to devise means whereby the interests of our own producers may be safeguarded and at the same time there may be avoided, as far as possible, restraint upon natural and reciprocally beneficial trade. We have made substantial progress toward solving in a mutually satisfactory manner some of the problems involved, and we are currently devoting constant attention to that subject. It is our firm belief that progressive adjustment of trade problems in the Far East, and elsewhere, would contribute to an improvement in political relations in that region.

In general, it is our belief that the powers can in all probability best contribute toward bringing about conditions of stability and security in the Far East by endeavoring to cultivate good will and confidence by promoting healthy trade relations and while closely observing the trend of events which from recent developments may

indicate that the peoples of the Far East are approaching a state of mind wherein those peoples will themselves be able to perceive that pathways of cooperation are the pathways of advantage. As circumstances permit we shall be prepared as heretofore to give hearty support to measures which may appear to give substantial promise of contributing toward stabilization of the situation in that part of the world.

In regard to the Chancellor's observations as to the possible trends and results of pending neutrality legislation in the United States, the Chancellor is of course informed of the recent legislative enactment.

It may be pointed out that the Joint Resolution of May 1, 1937 (Pub. Res., No. 27, 75th Cong., 1st Sess.),³⁴ does not provide for the imposition of an embargo on exports of any commodities other than arms, ammunition, and implements of war. This legislation does not prohibit exportation of other commodities; it merely provides that if the President shall find that the placing of restrictions on the export of articles from the United States to belligerent states, et cetera, is necessary to promote the security or preserve the peace of the United States or to protect the lives or commerce of citizens of the United States and shall so proclaim, it shall thereafter be unlawful to export such articles until the American interest therein shall have been divested, i. e., until title shall have passed to the foreign consignees. Similarly the President is authorized to prohibit the transport of [*to*] belligerents by American vessels of commodities designated by him.

The resolution gives the President considerable discretion. It allows him to determine whether, in view of the then existing situation, these provisions should be invoked and permits him to make exceptions as to commerce on lakes, rivers and inland waters, and on or over lands bordering on the United States. It also permits him to change, modify, or revoke in whole or in part any proclamation or proclamations previously issued by him in the given premises.

The Government of the United States is convinced that, as regards all of the points raised in the Chancellor's message, the crucial problem confronting the world today relates to the guiding principles which will, in the immediate future, underlie the basic policy and action of the important nations in their international relations. The possibility is clearly not precluded that the ideas of national exclusiveness and its inevitable concomitant of international hostility and strife, may become dominant over a sufficiently large part of the earth to engulf the entire world in a possible succession of destructive conflicts. On the other hand, the Government of the United States firmly believes that an opportunity exists today for directing national policies

³⁴ 50 Stat. 121.

into a channel of political and economic cooperation, based upon a common-sense harmonization of national interests and upon a spirit of mutual friendliness and fair-dealing. In the achievement of this aim the Government of the United States is prepared to collaborate in every way compatible with its legitimate sphere of action. It is convinced that the British Government, actuated by the same desires, is equally concerned with the imperative need of exploring all possible avenues that may lead to the same end.

462.00R296/6013 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 27, 1937—5 p. m.
[Received May 27—3 : 35 p. m.]

689-690. I had luncheon today with Blum, Herriot, Auriol, Minister of Finance and Dormoy, Minister of the Interior. After luncheon Auriol asked Blum to give him instructions with regard to the reply he should make to certain proposals of Schacht who is now in Paris. Auriol said that Schacht was insisting that Germany would not sign the new treaty of commerce with France which has been under preparation for many months unless France should consent to a reduction in the rate of interest on the Dawes and Young loans from 7 to 5 percent—the remaining 2 percent to be placed in a sinking fund for the retirement of the loans.

Auriol said that Schacht had asserted flatly that he had the full approval of Morgan and Company who represented the American holders these bonds for a reduction in the interest rate from 7 to 5 percent. Blum then asked me if this was true.

I replied that I had no information on the subject, that so far as I knew Morgan and Company were not empowered to speak for the holders of the Dawes and Young loans, that I did not believe that Morgan and Company had made such a statement and that Morgan and Company did not today represent the Government or the people of the United States whatever might have been their position in the past.

Blum then gave orders to Auriol to say to Schacht this afternoon that France would not consent to the reduction from 7 to 5 percent, that the question was one which concerned not only French holders of the bonds but also the holders in all other countries; that the new treaty of commerce offers much greater advantages to Germany than to France and that if Germany chooses to reject it Germany may do so.

Blum went on to say that he had had a conversation with Schacht in which Schacht had been little short of insulting. Schacht had argued with him that France should consent to a reduction of the

interest rate on the Young and Dawes loans from 7 to 5 percent with the statement "a reduction of all interest rates is I understand in accord with the best Socialist principles". He, Blum, had replied that he understood that an abolition of interest rates and default on all obligations was in accordance with the best Nazi principles.

Schacht had then said that in any event it was very difficult for Germany to consider making any commercial agreement with France in view of the fact that France had already undergone two devaluations and was about to devalue again. At this point Dr. Schacht had whinnied.

Blum said that he had replied with all the severity of which he was capable that he did not consider Dr. Schacht's remarks in good taste or a laughing matter. France had no intention of devaluing further and would not devalue further.

Subsequently I asked Auriol how he expected to be able to avoid devaluation. He said that before the critical days of the month of June arrive he expects to bring in a proposal which will establish a real equilibrium in the French budget. I asked him how he proposed to do this and he was about to explain when we were interrupted.

I should be greatly obliged if you would telegraph me at once if it is true that anyone authorized to represent the holders of the Young and Dawes loans has informed Dr. Schacht that the American holders will accept a reduction of the interest rate from 7 to 5 percent.

Blum in discussing the general situation said that while he saw no immediate threat of war he also saw no chance of constructing peace. He felt that Schacht was definitely less conciliatory than he had been on a previous visit to Paris and he expected no constructive results whatsoever.

With regard to Spain, Blum said that he was not altogether without hope that after a series of refusals on the part of both conflicting governments in Spain they might after some weeks be forced to accept mediation.

Incidentally both Blum and Auriol expressed the conviction that they could wriggle through the monetary difficulties of June and July.

BULLITT

462.00R296/6013 : Telegram

The Acting Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, May 28, 1937—3 p. m.

242. Your 689 and 690. In summary the history of the relationship between the German Government and holders of the American *tranches* of the Dawes and Young loans is as follows:

(1) In 1933 the German Government through Mr. Schacht indicated the intention of ceasing transfer of all service on these loans.

On the strong insistence of representatives of the creditors and of the interested governments, full interest service on these loans was continued, while transfer of interest on other German loans was partly suspended.

(2) The Reichsbank convened a meeting of creditor representatives in Berlin in May 1934 to consider the transfer problem. The Dawes and Young loans were definitely excluded from the purview of this conference on the insistence of creditor governments and of the Bank for International Settlements, whose President presided at the Conference. American representation of the other loans was undertaken by the Bondholders Protective Council through Mr. Laird Bell and Mr. Pierre Jay.

During consideration of American creditor representation at the Conference, J. P. Morgan and Company took the position that the Dawes and Young loans rested on international treaties and any change in their treatment must be negotiated among the parties to these treaties, namely, Germany and the reparation creditor governments. Nevertheless the two loans were somewhat involved in the Conference proceedings and at the end of the Conference Schacht announced suspension of all transfer on them effective July 1, 1934. The British Government immediately announced it would introduce legislation authorizing collection of coupons of British residents through compulsory clearing procedure. A compulsory clearing bill was introduced and enacted. Germany thereupon agreed to continue full interest payments to British residents, and similar arrangements were made with respect to other bondholders except those resident in the United States. The United States Government in a series of notes to the German Government, which were immediately published,³⁵ protested against this discrimination and German discriminations on other bonds.

(3) J. P. Morgan and Company as house of issue and fiscal agent for the loans, continued both to protest against nonpayment and to try to persuade Schacht to continue full service. The Department understands that Morgans have never claimed to be acting in a representative capacity. As far as the Department is informed it understands that their aim has always been to secure the best possible treatment for the investors but under the circumstances they had no powers except those of persuasion, and the reduction of interest on the American coupons rests upon the unilateral decision of the German Government and not upon a settlement or agreement negotiated either with Morgans or any other representative of the bondholders.

(4) After a period during which interest on the loans was paid into a deposit account in Berlin, subject to transfer from Germany only

³⁵ See *Foreign Relations*, 1934, vol. II, pp. 331 ff., and *ibid.*, 1935, vol. II, pp. 428 ff.

through various procedures by individual bondholders involving their selling their coupons at a discount, the German Government, after discussions with J. P. Morgan and Company, undertook in October 1935 to purchase coupons of American holders at reduced rates (corresponding to 4 percent interest on Young loan and 5 percent on Dawes loan), this offer being limited to bonds which were domiciled in the United States October 1, 1935 and which were required to be stamped "U. S. A. domicile first October 1935". J. P. Morgan and the two German shipping companies have been the agents in this stamping and purchasing procedure.

(5) Apropos Schacht's assertion "that he had the full approval of Morgan and Company", the latter firm has in the past informed the Department of their important conversations with Schacht. No recent information of this kind has been received. Nothing known to the Department would confirm Schacht's statement.

You may within your discretion acquaint the French authorities with this recital of events. In regard to numbered paragraph 5, because of the inevitable element of uncertainty as to precise statements that may have been made by Morgans and the repetition of them by either Schacht or other parties, Department thinks it best that you merely in some general way indicate the substance without making any definite statement.

WELLES

740.00/196

The Ambassador in the Soviet Union (Davies) to the Secretary of State

[Extract]

No. 408

Moscow, June 28, 1937.

[Received July 13.]

SIR:

The ever recurring questions discussed in diplomatic circles here are:

(1) What would be the attitude of France if Germany and Italy were to actively go into Spain, and

(2) What would be the attitude of France and England if Germany were to attempt a military coup against Czechoslovakia?

With reference to the first question, last evening here in Moscow the French Ambassador, Mr. Coulondre, who is an exceptionally able man, stated that if Germany and Italy were to go into Spain, with the result that the fascist front would be brought up to the border of the Pyrenees, it would definitely mean war, and that France would be compelled to fight. He was categorical and definite in that statement.

During the past few days the entire diplomatic corps here have been on the *qui vive* in connection with the withdrawal of Germany and Italy from the London conference, and the joint action of Italy and Germany in the making of an independent demonstration off of the Spanish coast in retaliation of the alleged firing of torpedos at the German warship *Leipzig*. Very little else has been discussed among the diplomats here for the last few days. It has entirely superseded discussions of the local Soviet situation.

The French Ambassador stated to me personally that while he was a "constitutional optimist" he had never felt so concerned over the possibilities of war in Europe as at the present time.

Another index of conditions may be found in the fact that the French Ambassador in Germany has described the German Government as the "great couching cat that is apparently sleepily at ease, but is really alert and ready to spring in any direction that would serve best its purpose and is vigilantly waiting and ready to spring at the first opportunity."

With reference to the second question (*supra*):

At the outset it should be stated that there is very substantial opinion that the fears of a military aggression by Germany against Czechoslovakia are overdrawn, and that Germany, even if so disposed, would probably project its plans equally successfully through economic and political penetration, without resorting to war, particularly if it had some understanding with England.

With reference to the specific question, the most accurate answer is probably to be found in the opinion of Ambassador Bullitt, based on his conversations with the Chiefs of the Military, as well as the Political High Command of France. That answer is that France would unquestionably go to the military support of Czechoslovakia in the event of a military attack by Germany. This information was distinctly a surprise to me; as it is directly in contradiction to the prevailing general opinion that I have found everywhere, and presumably in well-informed circles. I would accept Ambassador Bullitt's judgment.

In no quarters have I found the opinion that England or Belgium would "go in" in the event of such a contingency. It is generally agreed, however, that if such a contingency were to occur, and France were to be drawn in, there would be no doubt but that Belgium and England would be drawn in ultimately and inevitably.

The tension in the Spanish situation is relaxing. In well-informed diplomatic circles here, it is the distinct impression that neither Germany nor Italy presently desire that the Spanish situation should be permitted to involve Europe in a general war, and despite "these crises" which periodically develop, there is a distinct "will" on the part of the fascist nations not to go to the limit that will induce hos-

tility of a general character. There is no question, however, but what the danger is becoming more imminent, with a recurrence of each of these so-called "crises", that the situation might get out of hand.

Conditions here in the Soviet Union, as I have found them, will be the subject of a subsequent and independent despatch.

Respectfully yours,

JOSEPH E. DAVIES

740.0011 Mutual Guarantee (Locarno)/915

The Minister in the Netherlands (Emmet) to the Secretary of State

No. 825

THE HAGUE, July 20, 1937.

[Received July 27.]

SIR: I have the honor to enclose herewith a translation of a memorandum which Jhr. A. M. Snouck Hurgronje, Acting Minister for Foreign Affairs, handed to me Saturday in the course of an informal conversation regarding European conditions. This memorandum sets forth the latest wrinkle of Dutch policy toward the question of a Western European Security Pact. It will be noted that whereas the Netherlands does not wish to sign any document guaranteeing its neutrality or territorial integrity (see also despatch No. 666, of February 19, 1937³⁶), the Netherlands would view favorably an agreement between Germany, Great Britain, and France to the effect that they would consider a violation of the Belgian and Netherland frontiers as a violation of their own frontiers.

Jhr. Snouck explained to me that this plan, the substance of which is known locally as "the Snouck plan" is in point of fact a policy which has been worked out by high officials of the Foreign Office in mutual consultation and that there is no reason why it should be given his name rather than that of any other Foreign Office official. He intimated that it had been favorably received by the Foreign Offices of the Great Powers mentioned in it. Belgium, however, is understood to be desirous of a more formal guarantee of its security. The Netherlands has made it clear that it will sign no pact guaranteeing something which it already considers axiomatic. It is evident that this Dutch suggestion is an effort to avoid the charge that the Netherlands is hindering the negotiation of a Western European Security Pact.

On July 13th, the *Vaderland* published a long commentary on this so-called Snouck plan. The writer was obviously closely acquainted with the plan in as much as the article ended in an almost word for word transcription of it. According to this article, Germany has declined to accept the plan.

Respectfully yours,

GRENVILLE T. EMMET

³⁶ Not printed.

[Enclosure—Translation]

The Netherlands Department of Foreign Affairs to the American Legation

THE HAGUE, July 19, 1937.

The Netherlands has in the interests of its own security no need whatsoever for any guaranty or declaration, either by treaty or in any other manner.

At the same time it perfectly realizes that it may be expedient for security in Western Europe that a Treaty be concluded by which Germany, Great Britain and France give guaranties to each other. Such a Treaty would not be complete if it did not include Belgium and the Netherlands as well.

These countries could be brought into such a Treaty by an agreement between the great Powers in the Treaty that they would consider a violation of the Belgian or Netherlands frontiers as a violation of their own frontiers.

The inclusion of a provision as described above would mean nothing more than the putting into writing of what is actually the case at the present moment. This is based upon the supposition that none of the three great Powers mentioned would proceed to an attack that would be directed against Belgium or the Netherlands, or against both countries, but that it is imaginable that in their own interest they would desire guaranties against the possibility of an aggression against Belgian or Netherlands territory in the event of a conflict between them.

Although the distinction seems unreal, the provision relating to Belgium and the Netherlands is conceived as a declaration rather than as a guaranty. The word guaranty might be associated with the idea of something provided for our benefit or something that might imply the idea of reciprocity, of which naturally there could be no question in a Treaty to which we are not a party or in a declaration made without our adherence. Naturally the obligation of the Netherlands and Belgium as sovereign States to take the necessary steps to provide for the inviolability of their territory and the right to decide as sovereign States regarding the measures they wish to take in connection with a violation of their territory remain undiminished.

The objection which is raised from time to time that the great Powers will interfere in the developments resulting from a violation of Belgian or Netherlands territory and that in the event of a threatened violation they will exercise pressure upon those countries may be met with the argument that these great Powers will do so in any case without the existence of any Treaty or Declaration if they feel this to be to their interest.

The proposed arrangement has the advantage to Belgium that it does not reduce its security under Locarno whereas it relieves Belgium from its counter-obligations. It must be well understood that the

Netherlands is in no way asking for an arrangement as described above; the idea is merely suggested as a contribution to a general Western European Pact in which the Netherlands has an indirect interest.

033.4111/338½

*President Roosevelt to the British Prime Minister (Chamberlain)*³⁷

[WASHINGTON,] July 28, 1937.³⁸

MY DEAR MR. CHAMBERLAIN: I have read with much interest your letter of July 8³⁹ to Mr. Norman Davis in reply to a letter³⁹ which he wrote to you at my suggestion. I am pleased to learn that you think it would be desirable to make a visit here—as suggested—as soon as conditions appear to warrant your doing so; and also that we are in accord as to the importance of Anglo-American cooperation in the promotion of economic stability and peace in the world. I agree with you that however desirable a meeting between us may be, it is necessary that it should be properly prepared and timed if it is to have fruitful results.

My suggestion to Mr. Davis, which he conveyed in his letter to you, was that if the ground could be sufficiently prepared in advance, it would be most agreeable to me if your visit could be made in the early fall. I recognize however that events have not so shaped themselves as to make such an early visit practicable.

I appreciate the desirability of making such progress as is possible on other lines which would have a bearing upon the timing of your visit here. I would be glad, however, to receive any suggestions you may have as to any additional preparatory steps that might be taken as between ourselves in the near future to expedite progress towards the goal desired.

I am [etc.]

[File copy not signed]

741.65/394: Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, August 4, 1937—6 p. m.

[Received August 4—5:30 p. m.]

522. The press for the past 4 or 5 days has given extensive and enthusiastic publicity to a recent meeting between the Prime Minister and the Italian Ambassador and to an exchange of letters between

³⁷ Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

³⁸ The President requested the Ambassador in the United Kingdom, by letter dated August 2, 1937, to deliver this letter personally to the Prime Minister.

³⁹ Not found in Department files.

the Prime Minister and Mussolini. These events have been handled by the press in such a way as to give the impression that an aggressive move is under way to bring about an Anglo-Italian *rapprochement* in preparation for a meeting of the Locarno powers—Great Britain, France, Germany, and Italy—in London in October.

When I saw Vansittart late yesterday afternoon I took the occasion to ask for any comment he might care to give me on these new developments. He immediately replied that the press had greatly overdramatized the situation; that the reports of a contemplated meeting of the four Locarno powers in London in October are entirely without foundation; that the letter sent by the Prime Minister to Mussolini which was one of simple friendship and good-will necessarily called for a reply and that the British Government was doing nothing more than to pursue its steady policy of endeavoring to relieve existing tension and to work for a gradual amelioration of the European situation. The recent interview between the Prime Minister and the Italian Ambassador which was requested by the Italian Ambassador and the correspondence between the Prime Minister and Mussolini are no more than steps toward a renewed endeavor to bring about an understanding between the four great powers and are not to be interpreted as an indication of a new orientation of British policy.

While Vansittart's cautious and restrained comment is doubtless a cold statement of the facts, I had, nevertheless the impression from him that although the press may have, as he said, put out a "grand story for the Bank Holiday" the British Government is not displeased with the wide and favorable interest shown in the possibility of an Anglo-Italian *rapprochement*. Even though the press has handled the story in an over-enthusiastic fashion Vansittart takes the idea it may perhaps serve as a useful purpose in softening public opinion both in Italy and in Great Britain, thus creating a more favorable atmosphere for the quiet and cautious endeavors being made behind the scene.

The Foreign Office apparently is giving very little comment or information to the press. I gather, however, from an entirely reliable press source that both in Rome and in London great efforts are being made in certain quarters to have it appear that the initiative for the recent Anglo-Italian changes came from the other side. From the same source I am informed that the interview given by Ciano to a representative of the Universal News Service and published in this morning's papers was "framed" by the Universal News Service and the *Daily Telegraph* in London. The *Daily Telegraph* incidentally has carried the most sanguine speculations as to the Prime Minister's hopes to promote a meeting of the Locarno powers in October.

852.00/6164 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, August 5, 1937—noon.

[Received 5 : 35 p.m.]

1117. Continuing my 1116, August 5, noon.⁴⁰ Chautemps⁴¹ then said that the British had decided to push the recognition of the King of Italy as Emperor of Ethiopia at the next meeting of the League. They were ready to offer Mussolini this real advantage in return for Mussolini's relinquishment of certain positions to which he had no right, such as his occupation of the Balearic Islands, et cetera. Chautemps said he felt that the British were right in attempting to reach reconciliation with Italy. Indeed he would confess that he also had been thinking of making a similar move and he was only sorry that the British had gotten ahead of him and had acted in the matter without consulting him and thus might work out a reconciliation between Great Britain and Italy while leaving French-Italian relations thoroughly bad.

I asked Chautemps if he intended to make a similar move for *rapprochement* with Italy immediately. He said that he did not since Mussolini would come to the conclusion that France was merely being towed along by England. As things stood now he would prefer to follow in England's wake.

I asked Chautemps if he had made any attempts recently to reach reconciliation with Germany. He said François-Poncet had made many attempts but had been able to get nowhere and repeated once more that France is prepared to make great concessions to even giving up colonies provided it should seem possible to work out a real reconciliation with Germany but will give up nothing unless a genuine reconciliation should seem possible.

BULLITT

741.65/402 : Telegram

The Chargé in Germany (Mayer) to the Secretary of State

BERLIN, August 11, 1937—noon.

[Received August 12—10 a.m.]

195. In a conversation with the French Ambassador recently he analyzed the present Anglo-Italian conversations in the following manner.

First of all, the maneuver is in the classic Italian manner. Likewise it is the sort of maneuver both the Italians and Germans have

⁴⁰ *Post*, p. 370.⁴¹ Camille Chautemps, French Prime Minister, June 22, 1937–January 15, 1938, and January 18–March 10, 1938.

to resort to on occasion because of their respective peculiar positions in Europe. Alone, either Germany or Italy, and especially the latter, is relatively isolated in European politics, whereas, associated they exercise a large influence. Certain important aims and interests of the two countries, however, are opposed with special reference to Central Europe. It is necessary, therefore, from time to time that each demonstrate a certain independence. Eventually this may well result in the one selling out the other. The situation has not gone so far at present, however, since the Berlin-Rome Axis is still extremely useful to both parties, particularly in regard to the ultimate relations with the British. As the above would imply it is too early to estimate the real scope or aims of the British or Italian policy in the present discussions. The Abyssinian matter should be, and doubtless will be, cleared up during the next Assembly when the whole move should become clearer. While the Four Power Pact so phrased is undesirable as causing offense and apprehension to Russia and certain smaller European states, the basic idea is sound and inevitable if there is to be a real peace. European cooperation, whether through a League of Nations or some similar idea, must be founded on and can only result after the agreement of the principal European countries.

The French Ambassador further stated his understanding that the Anglo-Italian discussions were initiated by Mussolini. Mussolini was apprehensive of the British, aware that his economic position is not good and is growing more difficult, and desirous of currying favor with the British at this time, especially when Mussolini believes Franco will win and Germany will demand of Italy as regards Austria and Central Europe the price which Germany stipulated for assistance in Spain.

Copies to London, Paris, Rome, Warsaw.

MAYER

600.0031 World Program/194 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, August 12, 1937—6 p.m.

[Received 7:15 p.m.]

1150. As of possible interest to the Department, I venture to report that the Belgian Ambassador to Berlin with whom I lunched today stated to me that as a result of conversations he had had in Berlin Hitler was ready now to issue a declaration regarding the inviolability of Belgium on all fours with the French and British statements of April last.

He added that he had urged Van Zeeland to seize the moment to obtain such a declaration from Hitler arguing that Hitler would be

likely to change his mind on the subject in the future. Van Zeeland had refused as he still hoped to be able to work out agreement on a Western pact.

The Belgian Ambassador to Berlin also said that he had urged Van Zeeland strongly to visit Hitler at Berchtesgaden this summer. Van Zeeland was loath to do so as he knew he would have to discuss German-Belgian relations as well as the general economic problems on which he is working. He added that Van Zeeland feared if he should decide to visit Germany he must first visit France on the same trip.

BULLITT

793.94/9723 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

[Extract]

PARIS, August 26, 1937—3 p. m.

[Received 9:10 p. m.]

1202 . . .

2. Delbos gave me a long and highly entertaining account of Van Zeeland's recent visit to him in the south of France. . . .

Delbos said that Van Zeeland's purpose in coming to visit him was to discuss a possible visit with Hitler. (See my 1024, July 21, 9 p. m.⁴²). Van Zeeland had said that he had finally drawn up a plan that he felt might interest Hitler. He would like to go to Berchtesgaden to discuss it with Hitler; but would desire first to visit France officially and would announce in advance to Hitler that he was coming as the representative not simply of Belgium but of France and England as well. It was agreed that if the Spanish situation should develop favorably Van Zeeland should visit Paris in the latter part of October and visit Hitler shortly afterward. He would not accept Hitler's proposal for a guarantee to Belgium on all fours with the French and British guarantees of April last (See my 516, April 22, 9 p. m.⁴³) until it should become evident that no new Locarno Pact could be agreed upon.

Delbos went on to say that he and Van Zeeland both hoped that it might be possible to work out a new Locarno Agreement during the next month and a half. The crucial question was that of Spain. If there should be some sort of settlement of the Spanish question he felt that it might be possible to establish a new Locarno Agreement. The basis of any satisfactory settlement must be the withdrawal of "volunteers". He, Delbos, did not care in the least whether Franco should win or not. If Franco should win as now seemed probable

⁴² Not printed.

⁴³ *Ante*, p. 77.

because the parties which support the Valencia Government are fighting among themselves and morale in Madrid is growing low and Franco will soon have great reinforcements from the Santander front, France would be ready to come to terms with Franco at once and have most friendly relations with him provided he should ship out of Spain the Italian and German forces now there. Delbos went on to say that whereas Franco now needed intensely German and Italian military support the moment he should have won the war he would need equally urgently British and French financial support. He believed that Franco would then be ready to ship the Germans and Italians out of Spain in return for French and British money. The way would then be clear for a new Locarno Agreement and Van Zeeland's visit to Hitler.

3. Delbos said that he was in disagreement with Chautemps' policy of *rapprochement* with Italy. Before he had left for his vacation Chautemps had told him and Blum that he intended to attempt to come to terms with Italy. Both he (Delbos) and Blum loathed Mussolini intensely and believed that Chautemps' attempts to reach reconciliation with Italy would be interpreted by Mussolini as a sign of weakness. They (Delbos and Blum) believed that Mussolini merely would be encouraged to further violence. Delbos said he was furious with Eden and Chamberlain for having inaugurated the *rapprochement* with Italy. He would see Eden at Geneva in the latter part of September and intended then to ask Eden as bluntly as possible why Great Britain without informing France had abandoned the policy on which he and Eden had agreed, to wit: that every effort should be made to reach reconciliation with Germany but that Italy should be treated with contempt and disdain as a relatively unimportant jackal.

Chautemps had always been known as a friend of Italy and after the British move he (Delbos) and Blum had not objected to Chautemps' doing what he could to improve relations with Italy. They (Delbos and Blum) both remained completely skeptical, however, and believed that Chautemps' friendliness with Italy would merely result in further outrages by Italy.

4. Delbos said that he was still intensely desirous of reaching some sort of agreement with Germany. François-Poncet, however, had been unable to begin work on any constructive program. Hitler reigned but did not rule. He remained at Berchtesgaden most of the time playing pinochle with his cook, his butler and his chauffeur while Goebbels sat in Berlin and directed Germany's destinies. Goebbels today definitely was more powerful than Goering or anyone else.

Delbos concluded by saying that he felt a visit by Van Zeeland to Hitler was the only hope of improving relations between France and Germany.

5. Delbos referred to the desperate economic and financial situation of Poland and discussed the pitiable poverty of the Jews and the enormous unemployment among agricultural laborers which he asserted had led recently "to real peasant revolts". . . .⁴⁴

Delbos said that he believed Poland could do nothing except continue more or less on her present road with a continually decreasing standard of living and continually increasing misery. Beck was pursuing a policy which was entirely correct insofar as direct relations between France and Poland were concerned; but he was pursuing also a policy of violent hostility to Czechoslovakia which was the direct result of his close relationship to Germany. Incidentally the Polish Ambassador in Paris, Lukaszewicz who is Beck's intimate said to me recently that Poland would look with approval on a German dismemberment of Czechoslovakia. Beck consistently opposed every French policy designed to protect Czechoslovakia and central Europe from German attack. Poland was slowly sinking into a hopeless economic abyss. The President of Poland who had the powers of a dictator was afraid to use any of them. The Prime Minister was a cipher. General Smigly-Rydz desired to run the political life of the country without involving himself in politics and Colonel Beck was nourishing the idea that there could be war in Europe without Poland becoming involved and that Germany could swallow Czechoslovakia without Poland becoming the next morsel.

6. Delbos went on to discuss the position of Czechoslovakia and made the statement that not only would France go to war in case Germany should attack Czechoslovakia directly; but also would go to war in case Germany should provoke a revolt of German speaking inhabitants in Bohemia and would support such a revolt by shipments of munitions and "volunteers".

I ventured to doubt that the people of France would march if Germany should maneuver such a revolt cleverly; but Delbos insisted and detailed his reasons for believing that even in case Germany should provoke the most clever revolt of the German speaking inhabitants of Bohemia the people of France would march in support of the Czechoslovak Government.

7. With regard to the internal situation Delbos said that at the Cabinet meeting yesterday afternoon agreement had been reached on the nationalization of the railroads. He said that the details of the scheme had not yet been worked out but it had been agreed that all railroads should be nationalized by the Government acquiring a majority of the stock in each road. I had the impression that Delbos had not paid much attention to the discussion of the railroad situation and that this information may not prove to be entirely accurate.

BULLITT

⁴⁴ Omitted portion deals with proposed French diplomatic appointments.

740.0011 Mutual Guarantee (Locarno)/926

*The Polish Ambassador in France (Łukasiewicz) to the French Minister for Foreign Affairs (Delbos)*⁴⁵

[Translation]

AIDE-MÉMOIRE

The serious attention of the Polish Government has recently been drawn to the exchanges of views which have taken place during the last few months between the German, Belgian, British, French and Italian Governments, towards the establishment of a basis for a new Western Pact. As these exchanges of views have now reached a considerable state of development, the Polish Government considers that it is its duty to make its position clear with regard to these conversations.

1. The Polish Government has followed these conversations with the greatest interest, not only because of their importance for the future of European peace, but also because of the close connection of Polish interest in any settlement destined to replace the Locarno accords. A happy issue from such negotiations might result in creating a political *détente*, desired by all governments, and also might facilitate a return to normalcy in the general European situation. Such an issue would likewise contribute to an economic rehabilitation towards which all countries are now bending their efforts.

2. This important result, which the Polish Government also desires, might be reached if the proposed settlement embodied those essential elements on which rest European consolidation. The failure to realize this condition, inspires the fear that this settlement, instead of assuring European peace, may possess all the disadvantages of a partial accord, which would be incapable of offering serious resistance to difficulties which might arise.

3. The Polish Government, seriously preoccupied by this state of affairs, considers that the settlements suggested by the above-mentioned exchange of views, would not prove really effective unless they took into account elements of security such as Polish accords with France and Germany, both of the last named powers are particularly intersted in a Western settlement; as well as the Franco-Polish treaty of alliance, in existence prior to the Locarno accords, and the Polish-German declaration of non-aggression which became operative in the meantime. Owing to the existence in this sphere, of contractual ties between Poland and France on the one hand, and Poland and Germany on the other, Poland is obliged to play an active part in the task of consolidating the political situation in Western Europe.

⁴⁵ Copy transmitted to the Department by the Ambassador in France in his despatch No. 1012, September 8; received September 21.

4. Despite Polish reservations to the Locarno accords to which the Polish Government has publicly given expression on numerous occasions, it should not be forgotten that these (Locarno) accords already, to a certain extent took Polish interests into account. These accords have therefore since become for Poland the basis of definitely acquired rights in this sphere.

However, the Polish Government believes it necessary to recall its previous declarations in which it was stipulated that any treaty affecting Polish interests, negotiated without Polish participation, would be unacceptable to it. The same would apply to any treaties, the bases of which, as in the case of the two accords of 1925, would not give Poland sufficient satisfaction.

5. The Polish Government believes that Poland has a dual interest in the proposed settlement, and is disposed to collaborate in the common task of European stabilization, as long as its own interests are properly safeguarded. The Polish Government expresses the hope that the governments engaged in this settlement will take into full account the importance of the considerations above-mentioned; all the more so as it would appear important that the development of Polish policy should take place within the framework of the new system, rather than remain independent from it.

PARIS, August 27, 1937.

740.00/206

Memorandum by the Ambassador in Italy (Phillips) ⁴⁶

I called upon Count Ciano this afternoon to say goodbye before leaving Rome tomorrow on brief leave in the United States. I told him that as I would see the President and the Secretary of State in the near future, I should be delighted to carry to them any message which he might care to send. The Minister referred very sympathetically to the President and to his accomplishments, and then asked me to say that the Italian Government would view with the utmost sympathy any effort made by the President to assure European peace and that should the President be able to take the initiative, Italy would do everything in her power to lend her support.

I said that I assumed from the general current reports that the Duce was planning a visit to Germany. Ciano told me in the strictest confidence that these reports were correct but that no one had been advised as yet of the date of the visit, which was scheduled, he added, for September 25th. Mussolini would spend one day at Munich, one day at the German Army maneuvers, and two days in Berlin. Ciano

⁴⁶ Transmitted to the Department by the Ambassador in his despatch No. 555, September 2; received September 13.

himself would accompany the Duce and there would be, in addition, a large group of high Italian army officers. Inasmuch as I was the only person to whom Ciano had given this information, he asked me to regard it with the utmost secrecy, which of course I promised to do.

I asked whether there was any new diplomatic undertaking involved which would result from the visit to Berlin, to which Ciano replied that there would be no new written accord of any character and it was uncertain even whether there would be any communiqué issued after the Berlin conversations.

Referring to the Far Eastern situation, I said that I had gathered the impression from something said in the German press that there was a little less enthusiasm on the part of Germany towards Japan as a result of the Japanese attack on Shanghai and the great number of civilians killed through promiscuous bombing. Count Ciano replied that he had not seen anything in the Italian press to this effect, that he was confident that there had been no change on the part of Germany towards Japan, and that as a matter of fact, he added, there was a far closer understanding between the German and Japanese Governments than appeared on the surface. Of this he said he was very certain, although he did not seem ready to give any further elucidation and I thought it best for the moment not to press him for further enlightenment.

With regard to the Ethiopian situation, Count Ciano did not know whether the problem would be settled at the forthcoming League meeting. He said that all that Italy asked would be a refusal on the part of the League to seat the Ethiopian delegation, which would be tantamount to recognition that the Ethiopian Empire no longer existed. After this action, each member Government would be free to give recognition or not to the new Italian Empire.

Ciano had nothing to say of any particular interest with regard to the Spanish situation other than to recall to my mind that he had predicted at our last interview the fall of Santander and that this had come about a few days after our conversation.

With regard to the new Chinese-Soviet non-aggression agreement which, according to the press, has recently been signed, Count Ciano felt that this was of considerable importance as a further indication of the Soviet influence on the Chinese Government. He told me of a recent conversation he had had with my Soviet Colleague, during which he told Stein quite frankly that the Soviets could never succeed in communizing China and this for two reasons: (1) the instinct of every Chinese to possess his own house or trade, in other words, his love of the dollar; and (2) the powerful influence of the family ties. Furthermore, Ciano had said to Stein that while the Soviets might be successful temporarily in demoralizing China, causing unrest in

various localities, they could only do so temporarily because the fundamental characteristic of the Chinese was non-communistic.

WILLIAM PHILLIPS

ROME, August 31, 1937.

793.94/9960 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, September 7, 1937—11 a. m.

[Received 1:35 p. m.]

1251. I expressed to Delbos yesterday with great care the substance of your 466, September 3, 4 p. m.⁴⁷ I then asked him what action with regard to the situation in the Far East he anticipated at Geneva. He said that he believed the League would only go so far as to request both belligerents to stop fighting.

We then discussed the Conference at Nyon on Friday.⁴⁸ Delbos said that he had small hope that anything constructive might be evolved. The Conference however might be useful if both Ciano and Neurath should attend. It would be possible for Eden and himself to have direct, man to man conversations with Ciano and Neurath which might clarify the situation. Meanwhile the French Government was preparing for any eventuality. He would leave me to attend the meeting with the heads of the Army, Navy and Air Force referred to in my 1239, September 2, 7 p. m.⁴⁹

While at the Quai d'Orsay I had a brief conversation with Francois-Poncet, French Ambassador in Berlin, who was about to leave to attend the Nazi celebrations at Nuremburg. He said that he regretted extremely Van Zeeland's difficulties as he had had some hope that Van Zeeland might have some influence in Germany. He felt now that Van Zeeland's prestige was too greatly reduced for him to play any great role. He went on to say that he believed the relationship between Germany and Italy amounted to a modern edition of an old fashioned alliance. The League of Nations had accomplished two things: nations no longer waged war; they waged peace; and, nations no longer made alliances but merely agreed to consult each other with regard to all important steps in the international field. He believed that Germany and Italy had such an agreement and that they both felt much stronger because of it.

He was of the opinion that Germany did not have a similar agreement with Japan; but felt that if the Soviet Union should support

⁴⁷ Vol. IV, p. 12.

⁴⁸ September 10; see pp. 393-421, *passim*.

⁴⁹ Not printed.

China strongly enough in the Far East to make Japanese victory doubtful, Germany would create a diversion by attacking Czechoslovakia. He saw small prospect of preserving European peace. The present state of affairs in reality was no longer peace but undeclared war.

BULLITT

740.00/211

The Ambassador in the Soviet Union (Davies), Temporarily in France, to the Secretary of State

VILLEFRANCHE, 13 September 1937.

MY DEAR MR. SECRETARY: Due to limitation of stenographic facilities, I am writing this report to you personally, and will supplement it, upon my return to Moscow, with duplicates with the proper number for the files. I am anxious, however, that you should have the facts herein, as soon as possible.

I have now been absent from the Soviet Union for four weeks. I have, however, been in constant telephonic touch with Mr. Henderson, the Chargé, in whose judgment and effectiveness I have the highest confidence. It had been my intention to return to the Soviet Union by way of Constantinople and the Black Sea. In view of the Mediterranean situation, I concluded it was better not to risk the possibility of accident to an American diplomat (remote though such possibility might be) and decided, therefore, to return by rail—availing myself of an opportunity to stop off in Hungary, Austria, and Germany, en route to Moscow.

THE MEDITERRANEAN SITUATION

At this moment the situation looks as though it were clearing up. Should Russia and Italy sever diplomatic relations (which I believe improbable), I still do not believe that it would result in a general outbreak, but would be only confined to activities at long range. The situation in the Far East, where innumerable incidents (any of which would have resulted in war prior to 1914) between Japan and Russia have occurred without serious outbreak of conflict, is significant of Russian diplomacy.

EUROPEAN PEACE

The masses, it is generally conceded, are all against war. In responsible quarters one hears more and more that these armament preparations are designed for diplomatic trading purposes rather than for physical use. Generally the opinion is that Germany is not yet

“ready”. England is daily getting stronger. Austria could probably be absorbed (peacefully) without the outbreak of general war. Czechoslovakia has about completed her small Maginot line, and would give a stiff resistance to a German “putsch”, of which fact Hitler is being constantly reminded by his military advisors who are against military action now. Russia will not be an aggressor in my opinion, so far as danger to Western Europe is concerned. Italy is hard up and certainly not “ready” internally. With all his swash-buckling, Mussolini has a very cold brain with all his Latin temperament. The real danger is some accident, which might blow up the situation; and that danger is growing, as these crises reoccur and more clearly define the antagonistic interests and as tempers grow shorter. The general opinion is that war will not come until the fall of 1938 or 1939.

MEETING WITH BENEŠ—CZECHOSLOVAKIA

On the second day of September I had an extended conference of one and one-half hours with President Beneš at Prague.

He was delayed by fifteen minutes in meeting his appointment by reason of the fact that he was returning from the country place of former President Masaryk. He had been summoned to the bed-side of the latter who had suffered a paralytic stroke during the night. President Beneš was quite visibly affected by his sorrow. I expressed my personal sympathy and condolences and took the liberty of also stating that the Secretary of State and the President and indeed the whole American people would feel real grief over the possible loss of this great liberal and democrat, the former President of Czechoslovakia.

President Beneš gives the impression of an intellectual. Physically, he is a slight man. The outstanding impression that he gives is one of great moral earnestness, honesty, and well grounded conviction, and also of a very remarkable clarity and liberality of mind.

He described the conditions in Europe; the ideological conflict between occidental liberal democratic thought and the concept of the totalitarian authoritative states. He enumerated the latter as Germany, Austria, Portugal, part of Spain, Italy, Turkey, Yugoslavia in part, Hungary in part, and Poland in part. He listed the other group as England, France, Czechoslovakia, Switzerland, and the Scandinavian countries. Europe, he said, was characterized by the fact that in the occident the civilization was English and Latin; in the central portion Germanic; and in the eastern portion Slavic. The northern Slavs, he stated, had become “Germanized”. The most occidental and liberal democratic peoples of Central and Eastern Europe were the Czechs. He developed the thesis that historically the Czech people

were among the earliest adherents of liberalism and democracy in Europe and were now the frontier of liberal and occidental thought in Eastern Europe. This was the origin of the antagonisms that were projected against his country by Germany and other totalitarian states.

He stated that his Government was in a very strong position; that it had a strong army, (as well equipped and efficient for its size as any in Europe) that the standard of living of the population was higher generally than that of contiguous states; that the percentage of illiteracy was only two per cent; that the base of society and of Government was an agricultural and bourgeois stock; that practically all members of the Cabinet had parents of lowly origin and near to the soil; that the population was politically highly educated; that Masaryk and he and the others had persistently, over the years, conducted campaigns against the penetration of either communism on one side or fascism on the other; that there was danger neither from the right wing nor the left so far as political stability was concerned; that 17 years ago they had projected agricultural reforms and social welfare legislation which had taken the ground from under both communism and fascism; that the people were thoroughly nationalistic and patriotic and devoted to the liberal and democratic ideal.

His opinion was that peace in Europe depended upon England and France; that while Czechoslovakia was hemmed in on all sides, nevertheless it was a staunch adherent of the ideals of liberty and democratic government.

SUDETEN-DEUTSCHEN

When asked about the situation as to the Sudeten-Deutschen and specifically the possibility of revolt in that section, aided and abetted by penetration of the Germans similar to the Spanish situation, he described at considerable length the character of the territory occupied by the Germans; that it was a narrow strip 2,400 meters [*kilometers*] in length encircling the Czech population; that of the three million Germans, approximately one million of them were adherents of the Czech Government. In addition thereto, there were 600,000 Czech in the territory; that there were three centers of administration—"forts" which he inadvertently called them; that a large portion of the population of this territory was also Catholic and socialist and opposed to Hitler; and finally, that in his opinion, a revolution from the inside would be impossible. He also stated that in the event of attack by Germany, Czechoslovakia would fight to the last man and to the "bitter end"; that if such an event were to develop it would precipitate a European catastrophe, with the resulting outcome in doubt, and that aggressors were confronted with the possibility that their final condition would be worse than the present.

RELATIONS WITH AUSTRIA AND HUNGARY

When asked with reference to the relationships between Austria, Hungary, and Czechoslovakia—the three elements of finance (Austria), food (Hungary), manufacturing (Czechoslovakia)—he stated that the relations were definitely very much better. When asked as to the Little Entente, he stated that there was a great deal of discussion in the press about the alleged weakening of the Little Entente and that that was a part of the propaganda of hostile forces, but that the Little Entente, he felt sure, was strong and that Rumania would never get away from the paramount necessity of preserving its own territorial integrity vis-à-vis Germany, and that there was no particular significance in the recent Rumanian *rapprochement* with Poland.

The case which he makes for the justification of a homogeneous state as presently constituted in Czechoslovakia is a very powerful one and such as compels admiration and great respect and sympathy. Considering the tremendous difficulties under which this country has labored, the achievements of Masaryk, Beneš, and other co-workers along the lines of social reform and projection of liberal democratic ideals into the life of the people, command great admiration.

President Beneš is frequently spoken of as one of the most able and brilliant statesmen of Europe. He distinctly left that impression with me.

Respectfully,

JOSEPH E. DAVIES

740.00/207 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, September 14, 1937—7 p. m.

[Received September 14—3:50 p. m.]

596. I venture to suggest certain general considerations which may have an important bearing on the formulation of British foreign policy in the Far East.

1. The primary objective of Great Britain is her own security and that of the Empire, which can only be accomplished by a general European appeasement. The country has come to realize that if Great Britain is to play an effective role in bringing this about, she must be strong. A profound lesson has been learned from the Italian adventure in Abyssinia and the successive steps by which Germany has by unilateral action thrown off the last vestige of servitude to the Treaty of Versailles. British rearmament is therefore proceeding at a rapid pace and, with the exception of a small and ineffectual minority, the entire country is back of it. The overwhelming vote last week of the annual Trade Unions Congress at Norwich in favor of the

Government's rearmament program cannot be interpreted as merely an indication of the desire of labor to provide jobs for itself. The ordinary citizen in England, I believe, realizes that the security in Great Britain and the Empire is at stake.

2. With their general objective of European appeasement the British still envisage some revised form of Locarno in which the principal partners will be Great Britain, France, Germany and Italy. Before even preliminary steps toward such an agreement can be taken with any hope of success British rearmament must have reached a large measure of fulfillment; Anglo-Italian *rapprochement* must be effected; and the aims of Germany must be clarified.

The Foreign Office apparently believes that Mussolini sincerely desires a friendly understanding with Great Britain and I have been informed by a high official of the Foreign Office that the tentative plan for Anglo-Italian conversations to begin in Rome sometime this month came entirely on the initiative of Italy. The exchange of correspondence between the Prime Minister and Mussolini late in July (Embassy's 522, August 4, 6 p. m.) was likewise said to have been undertaken on Italian initiative.

I do not gather that the development of the Rome-Berlin Axis unduly alarms the British as they apparently feel that aside from similar ideologies of government there is little real community of interest between Germany and Italy other than for bargaining purposes. The Italians on the other hand are more likely to be impressed by complete Anglo-French solidarity than anything else. With regard to Abyssinia as an obstacle to Anglo-Italian *rapprochement* I venture to suggest that when the ground is laid for real discussion and only that stumbling block remains the British will find some practical way to dispose of it.

Even more essential, however, than the concurrence of Italy is that of Germany in the conclusion of any general pact for European appeasement. The results in that direction have not been encouraging up to the present, Germany's colonial pretensions may offer serious difficulties. To cite only one instance, the return to Germany of Tanganyika would seriously jeopardize the sea route to India and it is almost unthinkable that Great Britain would voluntarily return this weapon into the hands of Germany. A clarification and precision of Germany's aims would appear to be an essential preliminary before any multilateral discussions for a peace pact.

3. With Germany and Italy therefore parrying and jockeying for every conceivable advantage vis-à-vis the Anglo-French combination, and with the necessity for Great Britain whose rearmament is not yet effective to proceed with the utmost patience and wariness the difficulty of her position in the Far East becomes apparent. An incautious move in the Far East might precipitate a situation involving the

employment of British forces to such an extent as seriously to jeopardize the whole tenuous fabric of the present set-up in Western Europe. Great Britain at this time, with her own security and vital interests at stake, would think long before adopting a Far Eastern policy involving this risk. The danger would appear to be increased by the uncertainty of Japanese objectives in China and by uncertainty as to the real responsibility of the forces controlling Japanese policy.

Until, therefore, the situation in Europe has ameliorated and Great Britain has recovered the commanding position which a reinforced army, navy and air force will give her, she is not, in my opinion, likely to allow her hand to be called in the Far East if there is any possibility of its being avoided.

JOHNSON

740.00/214

The Minister in Czechoslovakia (Carr) to the Secretary of State

No. 3

PRAGUE, September 18, 1937.

[Received October 15.]

SIR: Referring to my despatch No. 1 of September 16, 1937,⁵⁰ I have the honor to report that after presentation of my letters of credence, President Beneš said that I had doubtless heard in America and elsewhere much talk and noted much apprehension about the likelihood of war in Europe and, especially, war that would involve Czechoslovakia. He wished me to know that he did not believe a war would occur and he proceeded to give me the reasons for his belief. In his opinion no nation in Europe wants war at the present time. Italy could not carry on a war after her Ethiopian experience. Germany is not ready for war. Both will talk of war and Germany, especially, will do so, but it will be but a pretext to frighten the other Powers into giving up something which Germany wants, be it colonies or something else. There will be no war over Spain, but Germany and Italy will use Spain to frighten other governments into making concessions which Germany and Italy desire.

The likelihood of war now, in President Beneš' opinion, is much less than it was in 1936. That was the nearest approach to war that Europe has reached. He gave as reasons for this opinion that in 1931 and 1932 the Manchukuo question arose;⁵¹ in 1934 there was the assassination of Barthou and King Alexander,⁵² and the Dollfuss⁵³ murder and the rush of Italian troops to frontiers. In 1935 there was the

⁵⁰ Not printed.

⁵¹ See *Foreign Relations*, 1931, vol. III, pp. 1 ff.; *ibid.*, 1932, vols. III and IV.

⁵² Louis Barthou, French Foreign Minister, and King Alexander of Yugoslavia were assassinated at Marseilles, October 9, 1934.

⁵³ Engelbert Dollfuss, Austrian Chancellor, assassinated July 25, 1934.

Italo-Ethiopian conflict and the abandonment of sanctions.⁵⁴ In 1936 Hitler tore up the Locarno Pact and sent German troops into the demilitarized portions of the Rhineland.⁵⁵ France was obligated to send troops against Germany and Great Britain to support her, but France did not move. All these things occurred but did not bring on war. That proved, in his opinion, that the Nations do not want war. Germany and Italy "have broken all the treaties and there are no more to break". Therefore, there is no reason for expecting war as a result of broken treaties.

Furthermore, President Beneš said Germany will not march over the Czechoslovak boundaries because it would be too expensive. The Czechs have an excellent army and would fight to the last man. Then, he said, France would come to the aid of Czechoslovakia. He said he was certain of this and that Germany knows that France will march in the event that Czechoslovakia is attacked, because François-Poncet has told Hitler so.

Another reason why he thought war less likely now than in 1936 was because Great Britain was then insufficiently armed to take a strong position. That situation now has materially changed. Great Britain is arming rapidly. Then France under Blum made great improvement. There will be no revolution in France as some people have expected.

I inquired how he viewed the Little Entente at the present time. He said that when the League of Nations weakened, when France and Great Britain failed to take a strong stand in the Mediterranean, when sanctions went by the board, the smaller Powers were uncertain where their best interests lay. Yugoslavia began to look to Italy, "Rumania hesitated", but Czechoslovakia stood fast. Now that Great Britain is arming, France has not succumbed to revolution and the two countries are standing more closely together, the Little Entente countries are "coming back".

I then said that I would be interested in his opinion of the recent happenings in Russia and in their effect upon Stalin's strength. He replied that he did not think that Stalin had been weakened. On the contrary he thought the purging that had taken place had strengthened Stalin. There were two groups in Russia, both with the same ultimate objects but with different methods. There were the doctrinaires such as Tukhachevsky, Zinoviev and Bukharin who believed in world revolution through the Comintern and in close relations with Germany which would give Germany a free hand while Russia would not take up arms. The other group composed of Stalin, Litvinov and others, realized that world revolution is not practicable. He said he

⁵⁴ See *Foreign Relations*, 1935, vol. 1, pp. 594 ff.

⁵⁵ March 7; see *ibid.*, 1936, vol. 1, pp. 180-206.

knew positively that Tukhachevsky had been in touch with Germany. He also knew that there was in Berlin last summer a draft of an agreement between Russia and Germany ready for signature. The testimony of the accused in Russia was not fully reported. President Beneš said he knew, however, that the accused all testified that they had been in touch with Germany.

He went on to say that Russia is in a state of revolution. Those who will not bring themselves into harmony with the policy of those in authority have to be eliminated. That was the course followed in the French Revolution. It has been so in Russia. Whether Russia will be permanently strengthened as a result of the recent executions remains to be seen. He thinks it will be strengthened. He said in a democracy suppression of opposition to a given policy takes place through the process of the ballot; in a dictatorship it has to be accomplished by other means. Italy, Germany and Russia are all in a state of revolution. Hitler, Stalin, and Mussolini are working for what, in the long run, will be democracy. Lacking what Czechoslovakia has—sufficient men imbued with democratic ideas and a population capable of carrying on the processes of democratic Government—they can achieve democracy only through dictatorships. Their people will not be ready to carry on democratic government for at least a generation.

If the doctrinaires had succeeded in Russia, it would have meant a military dictatorship and the restoration of many of the evils of the Czarist régime. It would have meant an understanding with Germany as a result of which the Russians would have remained inactive and Germany would have been given a free hand.

President Beneš stressed the necessity of the governments of Europe and, especially, of Czechoslovakia, exercising self-control and avoiding provocative incidents, but he said he felt strongly that if peace could be maintained for another year, the tension would be materially relieved and the possibilities of armed conflict greatly lessened.

While no attempt has been made to use President Beneš' own phraseology, I think the foregoing reflects accurately the substance of what he said to me.

Respectfully yours,

WILBUR J. CARR

033.4111/338½

*The British Prime Minister (Chamberlain) to President Roosevelt*⁵⁶

[LONDON,] 28 September, 1937.

MY DEAR MR. PRESIDENT: Your personal letter to me of the 28th July reached me in the latter half of August while I was on holiday in

⁵⁶ Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

Scotland. I was very glad to receive it and to note that we were in agreement as to the necessity of careful timing and preparation before I could usefully make the visit to the United States which you were good enough to suggest. Since however you asked for further suggestions as to additional preparatory steps that might be taken as between ourselves with a view to expediting the time when my visit might appropriately be made I thought it best to defer my reply until I had returned to London and could gather up the latest developments in the situation here.

As you will no doubt appreciate that situation changes so often and so rapidly that any account of it is liable to be out of date in a very brief space of time. At the present moment so far as Europe is concerned I think I may say that it is less menacing than it has appeared for some months past, but we still seem to be a long way from the resumption of cordial relations between the Totalitarian States and the democracies. At the same time various circumstances have combined to ease the tension and to encourage the friends of peace.

On the other hand the Far Eastern situation has justified our worst fears and I see little prospect at the present time of being able to improve it by action on the part of the Western Powers. At any moment some incident may arise with repercussions which cannot even be guessed at.

In these circumstances I am afraid that I cannot suggest any way in which the meeting between us could be expedited, though I greatly regret this both on personal and official grounds. Perhaps the community of sentiment between our two countries as to the events in the Far East and the developments in the European situation may be doing something to create a favourable atmosphere and the conclusion of an Anglo-American commercial agreement⁶⁷ when we have found ways of overcoming its obvious difficulties will undoubtedly be an important step in the right direction.

In my view then we must wait a little longer, but I hope I need not assure you that I shall watch the course of events most carefully, as I am sure you will too, for any opportunity of furthering the purpose we both have in view.

Believe me [etc.]

N[EVILLE] CHAMBERLAIN

711.00 Pres. Speech, Oct. 5, 1937/8: Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, October 6, 1937—9 p. m.
[Received October 6—8: 15 p. m.]

1404. Delbos sent for me this afternoon. He said that he wanted to ask me to inform my Government that President Roosevelt's

⁶⁷ See vol. II, pp. 1 ff.

speech⁵⁸ yesterday at Chicago had caused the utmost satisfaction to the French Government and people. He said that the speech was "magnificent" and that it was "an act" of the highest importance. He said that he of course understood perfectly that the speech did not mean that the United States was going to throw itself into the middle of European disputes but that even if the speech stood alone and was not followed up by any action it should prove of tremendous assistance to the cause of peace in Europe. He said that not only the subject matter of the speech but also the time of its delivery was most important: it had been delivered at a time when France and England were striving to the best of their abilities to deal with the blackmailing tactics of the dictators and to prevent them from creating a situation which might prove disastrous to the peace of the world. It had been delivered upon the eve of the preparation of the Italian reply to the Franco-British note⁵⁹ proposing conversations on the Spanish question and it could not fail to make a deep impression upon the two dictators.

I asked whether there was any indication of what the Italian reply would be. He said that there was none as yet but he feared Mussolini would follow his usual evasive tactics: that he would propose that the matter of withdrawing foreign troops from Spain should be dealt with by the London Non-Intervention Committee. Delbos said that he did not attach any importance to the form in which conversations might be carried on with the Italians but that he did attach the greatest importance to having conversations with them: if the Italians objected to anything which looked like a conference of the three powers then he was willing that conversations should be carried on, but carried on actively through diplomatic channels. If the Italians insisted that the question of withdrawing foreign troops must be dealt with by the London Committee he said that he would agree ultimately to this but that first there must be direct conversations between the British, French, and Italians in order that they might if possible achieve something concrete which could be reported to the Committee; otherwise to have another full dress discussion in the Committee would merely mean that Maisky⁶⁰ would at once say something insulting to the Italians and any possibility of action would be blocked (this of course was exactly what Mussolini wanted).

I asked what would be done in case the Italian reply was negative. He said that he was not sure what would be done but that he was entirely sure that some definite and firm action would have to be taken: England and France had taken the initiative of making this

⁵⁸ Department of State, *Press Releases*, October 9, 1937, p. 275.

⁵⁹ See pp. 410 ff.

⁶⁰ Ivan Maisky, Soviet Ambassador in the United Kingdom, and representative on the London Non-Intervention Committee.

proposal to Italy and they could not in the event of a negative reply by their inaction seem to say to the Italians "all right go ahead and dig yourselves in in the Balearics, cut off our communications in the Mediterranean, we will do nothing about it." He said that in the event of a negative reply, of course the frontier on the Pyrenees could be opened. This was a step which might carry with it serious consequences. It might not be necessary at first to go as far as that; France could grant liberty of transit over French territory for munitions and supplies originating in other countries and intended for Spain. In talking with Bova-Scoppa⁶¹ at Geneva he had said to him that in prohibiting not only shipments from France but even shipments over French soil, France was doubly the accomplice of Italy in the latter's war against the Valencia Government.

I asked whether the British Government would support the French Government in opening the frontier or in permitting transit of munitions across France for Spain. Delbos laughed and said that as always the British disliked to cross a bridge before they came to it: he was, however, in the closest touch with the British and the two Governments were "concerting" their action most carefully.

I asked Delbos whether he felt that Mussolini's visit⁶² to Hitler had resulted in any closer working arrangement. He said that he felt that it had not: he was of the opinion that the interests of the two countries were too much opposed to make any close alliance possible and that neither Government trusted the other very far. This, however, would not prevent them from working together closely when it was to their advantage to do so as for instance in the "blackmail" they are pursuing at present against France and England with regard to the Spanish problem.

Speaking of the Far East Delbos said that he knew nothing of the report from Geneva in tonight's papers that the French and British Governments expect to get in touch soon with the Government of the United States regarding a conference in London of the countries of the Nine-Power Pacific Pact:⁶³ he said that no such action was now under consideration so far as he knew. He said that when he was at Geneva there had been some discussion of calling a conference of the powers having interests in the Pacific but nothing definite had developed. Probably this story from Geneva was due to the recommendation made by the Advisory Committee to the Assembly that steps be taken to bring about consultation among the signatories of the Nine-Power Agreement.

⁶¹ Renato Bova-Scoppa, Italian permanent delegate to the League of Nations.

⁶² September 25-29.

⁶³ *Foreign Relations*, 1922, vol. I, p. 276.

At the close of our talk Delbos reverted to the President's speech and again expressed the profound gratification which it had caused him.

WILSON

711.00 Pres. Speech, Oct. 5, 1937/22 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, October 7, 1937—5 p. m.

[Received 9 : 40 p. m.]

1408-1409. At luncheon today at the American Club Chautemps said to me that for perhaps the third time in his life and certainly for the first time in the last 10 years he had prepared a written address which he would read. He stated that he had done so in order to be particularly careful in what he said with reference to the President's Chicago speech. He did not want to say anything which might give the appearance that the French Government understood the speech as promising some action by the United States; he felt that if there was any exaggerated interpretation given to the speech this might prove embarrassing to President Roosevelt and this was the last thing in the world which he desired to do. For this reason he was going to keep his references to the speech on the plane of "moral assistance".

At the same time he said that he would give a great deal to be able to sit down quietly with President Roosevelt and ask exactly what he, the President, had in mind when he spoke of the peace-loving nations making "a concerted effort" in opposition to violations of treaties. He said that the address had caused him personally the greatest encouragement and hope.

He said that today the British and French Embassies in Rome were requesting that the Italian reply to the proposal for conversations on the Spanish question be expedited. He said that he had little hope of a favorable reply from Italy but that he intended to exhaust every possibility of drawing Italy into conversations regarding the Spanish question; that he did not care what form the conversations took so long as they took place and that he had made and was continuing to make every effort to see that this question of the approach to Italy did not take on the appearance of anything in the nature of an ultimatum or a threat. (I heard Chautemps say some days ago laughingly that he was the only pro-Italian member of his Government.)

Threatened opening the frontier, he thought that this could have little effect and [*on*] the course of events in Spain, since there were no appreciable quantities of arms and munitions in France belonging to private firms; and the French Government apart from the fact that

for obvious reasons it would not desire itself to send arms into Spain, could not in any case in the present uncertain European situation deprive France of arms required for national defence. So far as permitting transit shipments was concerned, he saw no country which would be able to ship important quantities of munitions into Spain over French territory unless perhaps it was England, and he doubted very much if England would wish to do so.

[Here follows discussion of French domestic situation.]

WILSON

711.00 Pres. Speech, Oct. 5, 1937/34 : Telegram

The Ambassador in Belgium (Gibson) to the Secretary of State

BRUSSELS, October 8, 1937—7 p. m.

[Received October 8—5:17 p. m.]

75. In conversation this afternoon the Minister for Foreign Affairs said that the general feeling in governmental and political circles here was that President's Chicago speech was a pronouncement essential if there was to be any concerted stand against international lawlessness. It is felt here that the great democracies have been forbearing toward violations of international obligations to a point where further indulgence would be disastrous; that if the European democracies are assured of American cooperation and support in the Far East their hands will be strengthened in dealing with European problems; and that however much small countries like Belgium may desire to see action taken for the maintenance of world order it is the great powers that must give the lead. Furthermore, the Belgian Government feels that if the opportunity is allowed to pass without effective agreement among the great democracies the world situation is bound to grow progressively worse. Belgium and other small countries would find relief and assurance in such liaison.

GIBSON

711.00 Pres. Speech, Oct. 5, 1937/56 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, October 9, 1937—11 a. m.

[Received October 9—9:23 a. m.]

1419. Day before yesterday Chautemps referring to the President's Chicago speech said that France would support any initiative tending [to] strengthen the solidarity of the peace-loving nations. In considering such a statement the following occurs to me:

1. Since the Rhineland reoccupation in March 1936⁴⁴ French for-

⁴⁴ See *Foreign Relations*, 1936, vol. I, pp. 180-206.

eign policy so far as its essential aspects are concerned has been very often dependent on British policy. France is in a position where she cannot afford to do anything which might affect in an important degree her relations with Germany or Italy without first having obtained the approval and support of the British Government. The cardinal point in French policy is to maintain intact the British guarantee of France's frontiers.

2. While France has important material interests in the Far East these are secondary to the problem of French security in Europe. The French Government would be unable to commit itself to any offensive in the Far East which might weaken its defensive position in Europe to such an extent as to constitute an invitation to Germany and Italy to take aggressive action. (Probably the British are in the same position in this regard.)

3. My judgment is that the French Government would go along with the United States and Britain in a common policy regarding the Far East to the point where it became a matter of assuming serious responsibilities. They would then be happy to assist in developing a situation where the United States would become the spearpoint of any action to restrain Japanese aggression. At the same time they would endeavor to relate the policy pursued against aggression in the Far East to that to be pursued against aggression in Europe in such manner as to drag us into the latter action if at all possible.

WILSON

711.00 Pres. Speech, Oct. 5, 1937/57: Telegram

The Ambassador in Poland (Biddle) to the Secretary of State

WARSAW, October 9, 1937—1 p. m.

[Received 9:10 p. m.]

120. Following impressions gained in long conversation at Foreign Office on general situation as affected by President's Chicago speech.

1. In Polish opinion the United States is now and will continue to be a dominant factor in Atlantic civilization which extends west from Poland's eastern frontier. As such all powers including Poland must give the most serious consideration to the effects of any attitude assumed by the United States.

2. Poland is forced to struggle constantly for the isolation and weakening of the Soviet Union which it regards as a constant and powerful threat to the western political, social and economic system. In this struggle it cooperates [*its cooperation?*] with other similarly minded countries to change its policy towards Japan at the present time, which I am convinced is at the least benevolent, is based on this fundamental antagonism to Russia. Poland realizes and must take into consideration the fact that there are in the United States organized forces working constantly in opposition to the so-called fascist states which are anti-communist.

3. In first examination of President's speech Poland is considering possible effects thereof on present close Anglo-French relations since England may tend to place less reliance in France if American-British

cooperation is a real possibility. The weakening of present Anglo-French cooperation would have a profound effect on present European situation.

4. Smaller countries now flirting with Rome-Berlin Axis may reconsider position in light of President's speech.

My personal impression at present stage is that the President's statements came as a distinct and unpleasant shock to Poland which has hoped that Japan's action in China would now or in a second stage operate to weaken Soviet Union and appreciably impair its influence in Europe. It likewise is inclined to consider that position of the "have nots", of which it regards itself as one, has not been improved by what is now interpreted here as our support of states with colonial possessions and raw material monopolies.

BIDDLE

711.00 Pres. Speech, Oct. 5, 1937/99

Memorandum by the Under Secretary of State (Welles) of a Conversation With the German Ambassador (Dieckhoff)

[Extract]

[WASHINGTON,] October 11, 1937.

The Ambassador then referred to the President's Chicago speech. He said that he was very interested to know the exact interpretation which he should give to it. I said that it seemed to me hardly necessary for me to attempt to interpret the President's speech inasmuch as it was in my judgment a speech which spoke for itself, but that I felt the Ambassador might wish to give particular emphasis in his own consideration of the speech to the last paragraph thereof. I said that the President sincerely believed that all of the difficult problems with which the countries of the world were today confronted could be solved through a spirit of friendly cooperation and by recognition of each other's difficulties, and that no permanent solution could ever be found through force. I said that the President further believed that the Government of the United States should work actively towards peace inasmuch as a continuation of the policies of force undertaken by certain governments of the world would in all likelihood bring about a state of affairs which would jeopardize the interests of all peace-loving nations, and that it was therefore imperative for all countries "actively to work for peace."

The Ambassador said that this was exactly the view which he himself had taken of the speech; that he had so informed his Government; and that he again had to express his regret that the press in Germany, as well as a portion of the press in the United States, should, through erroneous and exaggerated interpretations of the President's state-

ments, endeavor to create further ill-will between the two peoples. He reminded me, very significantly I thought, that throughout the past years the German Government had declared its belief that the restitution of German colonies was necessary for the solution of the German problem. The German Government had at the same time repeatedly made it known publicly that it did not intend to seek colonial restoration through force but through negotiation and by peaceful methods. He stated that I should remember—and I told him that I did clearly remember—that when the German Government had taken unilateral action to abrogate certain provisions of the Versailles Treaty, such action had always been taken within its own territory and for the sole purpose of restoring to the German people their own unimpaired national sovereignty. He reminded me that Germany had never expressed a determination to regain the Polish Corridor through force nor any other of its former continental territory of which it had been deprived by the Versailles Treaty.

I said to the Ambassador that I was very glad to recognize the complete accuracy of what he said, and that I believed that the influence of Germany towards a solution of international problems by negotiation would be a powerful factor in the cause of peace in the world today.

I asked the Ambassador if he had any information from his Government as to developments with regard to the Spanish situation and particularly with regard to the reply of Italy to Great Britain and France, refusing to discuss a solution of the Spanish problem unless Germany took part in these conversations. The Ambassador said that he had no information directly from his Government, but that he himself hoped that his Government might find it possible to take part since he thought that his Government might prove to be a conciliatory influence. I expressed to him my personal opinion—and I emphasized that it was purely personal—that the friendly participation by Germany in a discussion of the problem based upon the Italian official statement that the Italian Government would under no conditions undertake to impair Spanish sovereignty over Spain herself, her colonies, or the islands under the Spanish flag, would in fact be a helpful factor.

Before he left the Ambassador inquired as to the attitude of this Government with regard to the meeting of the Nine Power Treaty signatories.⁶⁵ I told him that, while no official invitation had yet been received, this Government had already made known its willingness to take part in such a meeting once an invitation were received.

S[UMNER] W[ELLES]

⁶⁵ See vol. iv, pp. 155 ff.

740.00/217½

The Assistant Secretary of State (Messersmith) to the Secretary of State

[WASHINGTON,] October 11, 1937.

DEAR MR. SECRETARY: I cannot escape the conviction, growing out of my experience and the following of developments in the general situation, that the gravity of the actual and developing position in Europe and in the Far East cannot be exaggerated, that it has for us a vital significance. I therefore take the liberty of bringing the following observations to you as of possible interest.

(a) Although the conflict in the Far East provoked by Japan in China now has the front center of the stage, and the conflict in Spain and the Mediterranean question with Italy so important a factor are well in the foreground, it is my considered opinion that the most important factor still is Germany. Until recently the developments in Germany and the plans of the national socialist regime affecting the interior of the country as well as Europe in general were in the foreground. Now these seem in the popular consciousness—and perhaps in the minds of some responsible statesmen—pushed very much in the background. The central thought I should like to emphasize in this memorandum is that the crux of the major problem which concerns the world and ourselves is still Germany. With the German problem settled and a Government there with which we and other countries could deal in a normal way, the questions in the Far East and in the Mediterranean as well as the general European question, would permit of fairly ready, gradual and reasonable settlement.

(b) There is a tendency to characterize the present disordered world relations as due to the struggle between “haves” and “have nots”. This idea is being pushed forward principally by and in the dictatorships but there is a noticeable tendency to give credence to this as the principal factor in circles in other countries besides in the dictatorships. It is my opinion that there is something deeper and more vital than a struggle between the “haves” and “have nots” and that it is this even more basic clash of the ideologies which must be recognized. It is very simple and perhaps convenient for some in the democracies to state that they are not interested in ideologies but the most vital and basic factor in the present situation is this conflict of ideologies.

We are witnessing in at least three of the major dictatorships a reversion to the doctrine of force and of might and to an entirely different international morality than that which has slowly and painfully been built up in the last centuries. This resurrected law of force is to replace present international law and practice and a whole

new system of public and private morals based on the doctrine of might and force is to be imposed on the world. The problems involved in the struggle conceived to exist between the "haves" and the "have nots" merely form one of the external presentations of this new international morality.

It is becoming increasingly clear that if the democracies, including the United States, are not willing to defend their political, social and economic views now by all peaceful methods at their command, it is only a question of time when they shall have to defend them with force.

(c) There is no logical escape from the fact that if the lawless nations continue to gain their ends through force, or through the threat of force, or if too dangerous compromises continue to be made as they have been made in recent years, disintegration will proceed inexorably and to the point at which the peace of the world will be definitely endangered and catastrophic war the sole possible outcome.

To the informed and observing there is no escape from the conclusion that the United States are the ultimate object of attack of the powers grouped in this new system of force and lawlessness, and that when the time comes for them to deal with the United States that country will be practically alone for the rest will have been cleared out of the way. That we are the last in the list of the nations against which this doctrine of force is to be applied can give us only small consolation. We have had the action of the Japanese in Manchukuo and now that in China. We have seen the Italian action in Ethiopia and now are observing it in Spain and in the Mediterranean. The authors of these policies have left no doubt either by their declarations or their actions as to what their intentions are. With increasing successes pretense has been dropped and even the former barrage of protests of good intentions and pious declarations is disappearing. What we have so far seen and are seeing in the way of action and of this application of the doctrine of force as an instrument of policy is only the forerunner and must be viewed as only the forerunner of similar and more serious acts if the movement is not soon stopped. There is ample and increasing evidence that the doctrine of force is already having its cumulative effect.

So far the Western Hemisphere has been spared these acts of force by the lawless states. We in this hemisphere, however, know what the aspirations of Japan and Germany are in the western world. We have seen their tentative action and have felt its consequences at a time when the reassertation of the doctrine of force was still in its infancy—in fact hardly conceived. Once the position in Europe is propitious we can therefore realize the degree to which the force of the dictatorships will be felt in more than one spot in South America and

further north. The ground in some of these states is already fairly propitious to receive a certain doctrine of force. The careful observer will not fail to keep in mind that the establishment of the dictatorships and the regime of force play into the hands of a brutish, power-seeking, utterly unselfish [*sic*] group which is found in every country and which only needs encouragement and opportunity to lift up its head and assert itself.

(*d*) It is, therefore, not only territory which is in play—as too many observers are inclined to think. In some ways territory is the least at stake. What is in play fundamentally are new ideas and new forces which are constantly coming more strongly into action and whose field of action is definitely, if slowly, expanding. All these new ideas and forces are directly opposed to our concepts, basic ideals and principles of action.

The maneuvers now in progress in the Far East, in Spain, and in the Mediterranean and in the general European picture are only steps along a long road which the dictators have fairly well surveyed and laid out. They may even be considered, catastrophic as they appear now, as only intermediary and subsidiary steps. The final aim of the dictatorships, under the subtle leadership of the present Government in Germany, is the disintegration of the British Empire, the consequent weakening of England in Europe and the opening of the way to attack on the United States.

The basic plan conceived by the national socialists in control in Germany is (1) complete control of Germany through the coordination of all public opinion forming means within the country and complete control by the party of every aspect and expression of German life, (2) physical absorption of Austria and Czechoslovakia, (3) complete political, social and economic hegemony of Southeastern Europe by Germany, (4) the acquisition of the Ukraine, (5) concurrent with these steps the isolation of Russia, (6) the weakening of France through the break down of Soviet alliances and by the development of the English-German friendship and cooperation, (7) in the meantime and concurrent with the latter part of the foregoing progress, the disintegration of the British Empire would be in progress and reach a point when this disintegration would be accelerated by Germany at any time she saw fit, (8) with England weakened, the way would be open to us as the richest and strongest country of the world. It is really against the United States and England that the program is directed for we are considered the only worthy antagonists and we have what they want.

The foregoing program is not based on any idle suppositions but on first hand conversations with major leaders of the present German Government who in such conversations have made no secret of their

intentions. If there are those who still believe that such a program credits the fascist states with too sinister objectives, the story can now be read in the facts themselves by all but the blind.

(e) The externals of the whole movement in the Far East and in Europe give the picture of a reversion to the worst stages of feudalism. Our interests are as much threatened as those of any other country. As the Department of State is the instrument through which the foreign policy of our Government is conducted and is the adviser to the President on matters affecting foreign relations the responsibility resting upon the Department in the face of present developments is a serious one.

The policy of the United States is definitely one of peace but it is believed that the people of the United States still envisage this as the maintenance of a long range, a long term peace and not as a policy aimed at the maintenance of an armistice bought at a price which means ruin through war at the end. The only safe policy it would seem is one which does not risk the future and the destruction of all that our country and people have stood for and struggled for. The policy which our interests would therefore dictate is a long range policy for peace, which looks clearly at the facts and which is based only on the facts as we must read them from day to day.

A negative attitude now on the developments which are taking place in the Far East and in Europe would present a great risk that the major bulwark which stands between us and the successful fascist states—the British Empire—will be destroyed. Once it is weakened our own position is weakened for then we will be practically alone.

(f) There are those who still need proof of the intentions of the lawless states. They seem to think that as long as their acts are aimed only at others it can be a matter of no concern to us. There could not possibly be a more fallacious viewpoint of our interests. If the cynicism of Hitler, Mussolini, and the Japanese militarists have not convinced in the past we now have the acts of all three in more than one country. As to the national socialist regime in Germany, which, as I have already indicated, is the main spring of the whole movement and the real power behind it, we have Hitler's own words. Those who know the national socialist leaders do not have any doubts as to their acts being even more ruthless than the Japanese and Italian massacres of civilians in Ethiopia, China and Spain.

It is not that proof is lacking but that truth is being ignored.

(g) It is the fears of war and the horrors of war which persist in the democratic states, and understandably so, which are paralyzing our action. It is exactly this which the fascist states are deliberately capitalizing. Just as in every political, social and economic sphere they are capitalizing the worst that lies in human nature in the most

cynical fashion and have showed a realistic perception of these less fine human characteristics,—so this fine feeling existent in the democracies and which finds expression in the fear and horror of war is being capitalized by these cynical regimes and so far with a success that seems incredible. This fear of war in the democracies which has been accompanied by an extraordinary patience which does them credit may if carried beyond a certain point lead to their ruin. It is in this particular aspect that a dangerous game of poker is being played in Europe. The dictators hope and are playing their hand on the hope that the patience of the democracies will be carried beyond the point of safety. The democracies hope that by the exercise of patience they will wear out the dictatorships and in the meantime are increasing their own strength through rearmament. This is a dangerous game with great stakes for the stake is really peace and the saving of civilization.

(*h*) We recognize in the democracies that force and war are still instruments of international policy and action. This recognition is shown in the fact that we maintain armies and navies. Even our peace societies are in favor of certain armament for defense. We in the democracies, however, while recognizing force as unfortunately still an instrument of policy and while maintaining military and naval forces, wish to use them only for defense. The dictatorships, however, not only recognize force as an instrument of policy but consider it as an active instrument and are arming themselves to the teeth and brandishing their armaments before the world with the hope that through this threat of force over more peaceful nations they may gain advantages contrary to the international morality, right and decency. They know that they cannot now get away with this by the actual use of force if the other nations choose to assert themselves. It is therefore upon the fear of war in the democracies that they are playing and on the lack of complete unity of action between them.

It is out of these basic ideas that there grows this common action on the part of Germany, Italy and Japan when they lack any other common ground on which united action is usually based. They put out this definite threat of force and war hoping that, although the balance in the way of actual power is against them, their aggressive action and the fear of war will permit them to gain piecemeal, but steadily, their ends, and finally the goals which they have set for themselves.

In the United States we are increasingly being faced by a recognition of a fact that these developments in the Far East and in Europe cannot leave us cold; that it is on what happens there that will depend to a large extent our own security, happiness and maintenance

of those ideals in which we believe. No matter how much, therefore, we may wish to feel ourselves aloof from what is happening in the Far East and in Europe, no matter how much we should like to find shelter behind so-called neutrality legislation, our people are beginning to realize more fully every day that the vital question before them is whether we will follow a temporizing policy which will almost certainly bring war in the end or one which offers the hope of really maintaining peace, with decency and order. As the policy making Department of our Government in foreign affairs the responsibility for informing and guiding public opinion in its own interest is a heavy one on this Department.

Given the foregoing, I venture that all of our action now while having for its primary objective the maintenance of the general peace and our non-involvement in war must be the formulation of a policy which does not make that war practically inevitable in the end. It must be a long range policy.

G. S. MESSERSMITH

740.0011 Mutual Guarantee (Locarno)/939

*Memorandum by the Assistant Secretary of State (Wilson)*⁶⁶

[WASHINGTON,] October 13, 1937.

The German Ambassador called this afternoon and after some personal conversation, brought up the matter of the reassurance given by the German Government to Belgium.

He asked me if I knew about it. I told him that Mr. Gibson had sent us a text,⁶⁷ which I read to Doctor Dieckhoff. He said that this was correct. He went on to explain that Germany had been discussing this matter with the Belgian Government since May or June of this year, that there were a great many difficulties in the discussion, but it had finally been decided by the two parties that the most advantageous thing for all concerned was for Germany to give its assurance without any *quid pro quo* from Belgium. Of course, he continued, there was a certain compensation for Germany in the fact that such an assurance would strengthen the feeling of complete independence in the Belgian Government, and would make them less likely to feel that they had to lean on the armed forces of France and perhaps Great Britain.

The Ambassador said that the only reservation was in case of Belgium taking a step which would open its territories to the passage of troops or taking hostile action against Germany. I inquired whether

⁶⁶ Copies sent on October 21 to the Embassies in Germany (Department's No. 877) and Belgium (No. 24), and the Legation in Czechoslovakia (No. 5).

⁶⁷ *Documents on International Affairs*, 1937, p. 192.

the discussion had envisaged forms of action, particularly under the Covenant of the League, which were less than "hostile" action; for instance, if sanctions were applied against Germany, and Belgium participated by not allowing the passage of supplies, would the German Government, under the wording of this undertaking, believe that it was released from its obligations.

The Ambassador replied that he believed that he could answer this inquiry from his instructions. He pulled them from his pocket and read me the pertinent passage, by which the German Government explained to him that their interpretation of the undertaking was that the German Government would only be released therefrom in case Belgium took part in a "kriegerische konflikt", and that no action short of this could release the German Government from its obligations.

I then said that Germany had arranged its relationship with Poland and now was giving assurance to Belgium, that such action would invite attention, at least from abroad, to the sore spot of the situation, which for the moment lay in Czechoslovakia. I inquired whether they contemplated any similar action with this nation. The Ambassador replied that his Government wished for such an agreement with Czechoslovakia, but that it was very difficult for two reasons to enter into negotiations with that country; first, there was Czechoslovakia's intimate relationship with Soviet Russia, but perhaps more important, in the Ambassador's opinion, was the case of the Sudeten Deutsche, who really were not given by the Czechoslovak Government those rights of autonomy and of simple possibility of living their own lives, which he felt they had a right to claim; the German Government, he said, had no Irredentist ideas for this territory; indeed historically speaking, Germany had no claim to it, but the ill feeling was kept alive between the two countries by a series of incidents of ill treatment even though those incidents may be highly exaggerated by the press. The Ambassador said he was afraid that it would be a long process before the Czechoslovak Government could work out such a situation for the Germans, analogous to that which the various sections of Switzerland enjoyed within their country as would satisfy the German people.

HUGH R. WILSON

762.65/365

The Ambassador in Poland (Biddle) to the Secretary of State

[Extract]

No. 206

WARSAW, October 16, 1937.

[Received October 27.]

SIR:

In the course of several conversations with Colonel Beck since my arrival at this post, I have gained the distinct impression that he desires close and even friendly relations with Germany as the less direct of the two threats facing Polish integrity and that he welcomes cooperation between Germany and Italy in opposition to Communist Russia which he regards as the direct and immediate threat to Poland. He appears nevertheless to be of the opinion that there is at the present time no compelling or natural reason for close cooperation between Germany and Italy, and I am of the opinion that this feeling is as much as anything else responsible for Poland's lack of concern as expressed in the statement summarized above as outward evidences of Italian-German solidarity. In fact, my views in this regard were reinforced by Colonel Beck when he made the following observation during the course of a recent conversation on his impressions at Geneva:

"With respect to activities at Geneva, I desire to stress my opinion that the League is continuing to an even greater degree than heretofore to demonstrate a prejudiced attitude towards the Rome-Berlin axis. I feel that the Rome-Berlin axis is still artificial as to basis, but if the league persists in this attitude of prejudice it is very apt to throw Rome and Berlin into a closer contact, and thus over a period of time to promote a block based on a real foundation in place of the present artificial one."

Respectfully yours,

A. J. DREXEL BIDDLE, JR.

793.94111/83 : Telegram

*The Ambassador in France (Bullitt) to the Secretary of State*⁶⁸

PARIS, October 22, 1937—10 a. m.

[Received 3:37 p. m.]

1489-1490. For the Acting Secretary.

2. Spain: Chautemps said that he had had some difficulty during the past 3 weeks in keeping Delbos and especially Massigli in hand.

⁶⁸ The four sections of this message were transmitted as telegrams Nos. 1488-1491. For section 1, dealing with Far Eastern matters, see vol. III, p. 629. Section 4, on the domestic situation, is not printed.

Massigli had invented the idea of a joint descent of the British and French fleets on Minorca and Eden personally had been inflamed by the idea. Chamberlain, however, had put a strong hand on Eden and he had calmed Massigli and Delbos.

Chautemps said that he had, however, proposed to the British that there should be a constant patrol of the waters around Minorca by the French and British fleets.

He had not yet received the British reply because the British desired first to have the assent of General Franco to this measure. The British were now attempting to obtain Franco's assent arguing that he, Franco, might some day find it difficult to eject the Italians from the Balearic Islands if the Italians should have occupied all of them but would find it comparatively easy to get the Italians out if the British and French should hold Minorca.

I then asked Chautemps if the British were in close diplomatic contact with Franco. He said that they were in very close contact. The British definitely wanted Franco to win. About 2 weeks ago, the British Government had informed him that they would like to send a diplomatic representative at once to Franco's headquarters. He had asked the British not to do this so long as the tension with Italy was so great, and had suggested that the British should send instead several men to Franco's headquarters as commercial representatives, one of whom should be designated privately to Franco as the British diplomatic representative. The only question now was whether or not Franco would accept this arrangement. Up to the present moment he had objected to it.

I asked Chautemps if he intended to follow the British lead in this respect. He said that so far as he personally was concerned, he would like to send a diplomatic representative at once, but he had to remember that his Government depended on Socialist and Communist votes in the Chamber of Deputies.

I then asked Chautemps if he had any direct means of communication with Franco. He said that he had an excellent one. The French Consul General at San Sebastian was in daily communication by telephone with the chief of Franco's political cabinet.

Chautemps went on to say that he had just received news that Gijon had fallen and that he feared dreadful butcheries there. He had sent some French ships to assist in removing refugees and had asked the British Government if they would not do the same; but the British had refused, saying that they would only do so if General Franco indicated his full approval.

I remarked that the whole tenor of his statements seemed to indicate that the British were convinced that Franco was certain to win. He said that that was the British conviction.

I asked him if he shared this conviction. He said that he did. He believed the fall of Gijon would release sufficient troops for Franco to make a great attack either on Madrid or more probably on Teruel. This attack might be successful enough to cause the Barcelona Government to collapse. Negrin⁶⁹ had informed him a few days ago that he hoped to hold out through the winter by getting a few little factories in Barcelona working on munitions and by receiving abundant supplies from the Soviet Union.

In any case he, Chautemps, felt that the resistance on the Government side could not be prolonged beyond a few months.

I asked Chautemps how he interpreted Grandi's⁷⁰ acceptance of the British proposal in London. He said that he felt sure of its meaning which was that the Italians desired to spin out conversations and investigations because they were convinced that before those conversations and investigations could produce any concrete results Franco would have won. The only thing he could not understand was why Grandi had reversed his position within 24 hours. On this point he read from a telegram which he had just received from the French Ambassador in London which said in substance that no one in London had a reasonable explanation for Grandi's about-face.

I asked Chautemps if there was still any possibility that the French Government might wish to reverse the outcome of the Spanish civil war by opening the frontier and sending large supplies to the Barcelona Government. He replied that he personally was entirely opposed to the opening of the French frontier. With the present tension in Europe, the French Government could not risk sending enormous war supplies to the Spanish Government. Furthermore, the opening of the French frontier would be the signal for greatly increased Italian activity in Spain and also shipments of German airships, munitions, men and officers. The Italians would sink Russian ships bringing supplies through the Mediterranean and the Germans would sink Russian ships bringing supplies through the Baltic. He felt certain, moreover, that there would be practically no Frenchmen who would desire to volunteer to fight in Spain on the side of the Government. He certainly could not mobilize the French Army for intervention in Spain and as a result the opening of the French frontier would be a large gesture which would have as its only result the condemnation of the French throughout the world for cooperation with Bolsheviks and the utter defeat of the side which the French were supporting. Incidentally, it would probably produce general European war.

Chautemps went on to say that he did not care in the least whether Franco won or not. The one thing which concerned him was to get

⁶⁹ Juan Negrín, Spanish Minister for Finance.

⁷⁰ Count Dino Grandi, Italian Ambassador in the United Kingdom.

the Italians out of the Balearic Islands. Recently both the Italians and Franco had given the French Government renewed assurances that the Italians would leave the Balearic Islands. The British were in favor of accepting those assurances at their face value. He himself would like to have at least a patrol of vessels around Minorca. Chautemps added that if the Italians should refuse to leave the Balearics after Franco's victory France would have to attack the Balearics. The issue then would be clear and the entire French people would favor such an attack. He himself would reserve an ultimatum to the last possible moment.

The alteration of Chautemps' attitude on the Spanish question since my departure from Paris only 3 weeks ago is striking and for the moment at least it appears that the French Government will follow the British lead and permit the establishment of a Franco Government in Spain.

3. Germany: We then had a general discussion of the problem of peace in the world. Chautemps expressed the opinion that no effective action could be taken in the Far East unless and until a genuine peace had been established on the continent of Europe so that England, France, Germany and Italy could cooperate as friends.

I asked Chautemps if he had made any progress at all in developing a *rapprochement* with Germany. He said that he had made no progress whatsoever. He was convinced that the vast majority of the people of Germany desired a reconciliation with France. He was less convinced that the high officials of the Nazi Party desired such a reconciliation but individually many leading Nazis had expressed the hope recently to François-Poncet French Ambassador in Berlin that such a reconciliation might be brought about. However on several occasions recently he had suggested to the German Ambassador here that the time might be ripe for serious discussions between France and Germany and the German Ambassador had replied invariably that he regretted that his Government felt that the time was not yet quite ripe.

BULLITT

851.51/2438 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, October 25, 1937—9 a.m.

[Received 2:45 p.m.]

1512. Bonnet⁷¹ volunteered the information, without question from me, that he had been, and still was, extremely hostile to the continuation of shipment of munitions through French Indo-China to China.⁷²

⁷¹ Georges Bonnet, French Minister for Finance.

⁷² See vol. III, pp. 623-686, *passim*.

He said that the situation in Europe was such that it was absolutely impossible for France to continue these shipments unless France should receive real guarantees of assistance from Great Britain and the United States in case Japan should act against Indo-China. I did not comment on this statement.

Bonnet went on to say that he considered Van Zeeland dead as a political figure in Europe. . . . The hopes that Van Zeeland might lay the basis for European reconciliation, therefore, must be considered extinguished. He did not see any one who could replace Van Zeeland in this role. The only possibility he could see of preserving European peace lay in direct negotiations between France and Germany. To produce a *rapprochement* between France and Germany would be impossible without the friendly encouragement of some outside power. England, in pursuance of her traditional policy, would sabotage any real *rapprochement*. He could see no power except the United States that might assist.

BULLITT

711.00 Pres. Speech 10-5-37/224½

The Ambassador in Poland (Biddle) to President Roosevelt ⁷³

[Extract]

WARSAW, October 27, 1937.

MY DEAR MR. PRESIDENT: YOUR magnificent Chicago address created a profound impression throughout Europe. Those nations who enjoy a clear conscience in their conduct of foreign policy greeted your words with genuine enthusiasm, and have received a marked stimulation. On the other hand, as Colonel Beck, Polish Minister for Foreign Affairs, confidentially imparted to me, it has served as a "Stop, Look, and Listen" sign for potential aggressors. He gave every evidence of being profoundly impressed by your statements, and felt that you had, as usual, wisely taken occasion to bring our people to a genuine sense of the realistic—to face the situation as it actually existed throughout the world today. At the same time, the speech, in Colonel Beck's opinion, undoubtedly represented an expression on your part of the difficulties entailed in pursuing a policy of isolation, under current world conditions. Hence, it appeared to him that in your drive for peace, you had wished it to be known that the United States was interested, and would henceforth evince more active interest in the maintenance of the principles contained in treaties to which the United States was a part.

⁷³ Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

The Colonel then took occasion to repeat that he considered all the area from Poland's Eastern frontier to the middle Atlantic, as the Western European culture, and from there on to include the United States, in what might be called the Atlantic culture. To his mind, the United States was increasingly exercising an influence on the Western European civilization, and that any policy or action emanating from so powerful a statesman as yourself would be bound to have a tremendous influence on the whole of the Western world. He was profoundly interested in all you had said, and in the subsequent declaration by the State Department. The Colonel added that the moral weight of your forceful and constructive utterances, not only represented a formidable contribution to the cause of peace, but also went far towards creating a much needed code of international opinion.

Moreover, your address on Pulaski Day ⁷⁴ was received in Government and press circles, and by the public generally, with the utmost enthusiasm. In fact, it would be difficult to describe fully how touched was the nation as a whole, by the amount of thought and real interest which you devoted to an occasion which means so much to the historic Polish-American relationship.

In today's conversation with the President of the Polish Republic, he asked me to convey to you his deep sense of appreciation of what you said in your Pulaski Day address. He was sincerely touched by your friendly reference to Poland and Polish-American relations. He added that at the time he delivered his own address on that same occasion, he was conscious of the unique relationship between our countries in that he could speak to the Polish-Americans in the United States with a sense of confidence that although they bore an affection for Poland, nevertheless, they were first and foremost loyal American citizens. They had found a place for themselves in the American community, and he was proud that they as a group were advancing in the forward march of our country.

Faithfully yours,

TONY BIDDLE, JR.

740.00/221 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, November 6, 1937—5 p. m.
[Received November 6—3 : 32 p. m.]

1571. Delbos said to me today that so far as anyone could discover the purpose of Von Papen's ⁷⁵ coming to Paris had been to ascertain

⁷⁴ October 11; Department of State, *Press Releases*, October 16, 1937, p. 295.
⁷⁵ Franz von Papen, German Ambassador in Austria.

whether France would react more violently to a German move against Czechoslovakia or to a German move against Austria. He said that Von Papen had been informed with complete honesty that France would fulfill to the limit her treaty obligations to Czechoslovakia and that she would view with disfavor any change in the status of Austria. He, Delbos, believed that if Hitler should decide to make any move in Central Europe at the present time it would be directed against Austria and not Czechoslovakia.

Delbos went on to say that he was considerably disturbed by the situation in Poland. It seemed inevitable that there should be a clash between the President, Moscicki, on the one hand and Smigly-Rydz on the other. Beck and most of the colonels would back Smigly-Rydz and he believed that as a result of an open breach Moscicki would be eliminated completely and Smigly-Rydz would become the same sort of dictator that Pilsudski was. (The Polish Ambassador in Paris has expressed similar opinions to me.)

Delbos said that at the meeting of the Socialist National Committee this afternoon Blum⁷⁶ unquestionably would have to answer very embarrassing questions with regard to Spain. Blum would be able to answer, however, that the French Government was prepared to take any action in Spain that would be supported by the British Government but was not prepared to move alone and that the recent British action in appointing representatives to Franco's Government should indicate clearly that the British would not support France in a decided anti-Franco action. Delbos said that he believed Blum would have no difficulty in quieting the storm and that there was no chance whatever that Blum might be compelled to withdraw from the Cabinet.

Delbos said that he had discussed the question of the German demand for colonies with Eden when they met in Brussels. Eden had been adamant. Delbos went on to say that while it had been comparatively easy for Germany to break those clauses of the Treaty of Versailles which concerned German territory in Europe it would be impossible for Germany to break the clauses of the treaty with regard to colonies unless Britain and France should consent. The British were fully determined not to permit the clauses with regard to colonies to be changed. I expressed surprise that the British should still be taking such a stiff attitude and Delbos said that at any rate for the moment their attitude was exceedingly stiff.

BULLITT

⁷⁶ Léon Blum, former French Prime Minister; Vice President of the Cabinet, June 1937-January 1938.

711.00 Pres. Speech 10-5-37/224½

President Roosevelt to the Ambassador in Poland (Biddle) ⁷⁷

[WASHINGTON,] November 10, 1937.

DEAR TONY: I am glad to have your letter and I am glad that the Chicago speech has apparently made a real dent in government thinking in Europe even though it is heartily disliked by some of the "powers that be".

Since you wrote, the general situation seems to have got worse instead of better and there is no question that the German-Italian-Japanese combination is being amazingly successful—bluff, power, accomplishment or whatever it may be.

I appreciate the difficult position of Poland but I hope that the Polish government will not find itself compelled to do things which would be regarded by the democratic nations as yielding to Germany. Meanwhile, all that we can do in every nation to raise the question of what would happen if Fascism were to spread greatly throughout the world and dominate it ought to be said and ought to be done. We cannot stop the spread of Fascism unless world opinion realizes its ultimate dangers.

I am awfully glad to have you and Margaret ⁷⁸ in Warsaw where you are literally on the firing line—more so in many ways than if you were in Paris or Berlin or Moscow. If things get worse, Warsaw and Prague and Vienna will, one or all, become focal points.

As ever yours,

[File copy not signed]

740.0011 Mutual Guarantee (Locarno)/939

The Ambassador in Germany (Dodd) to the Assistant Secretary of State (Wilson)

BERLIN, November 18, 1937.

[Received November 26.]

DEAR MR. WILSON: I have read your instruction of October 13, No. 877,⁷⁹ addressed to Mr. Gilbert, with a great deal of interest. We are sending to the Department in the pouch today a careful report bearing on the Belgian problem. From all the evidence which we get, the matter at present is not particularly dangerous. However, I wish to say a word as to the general situation.

You probably know that a great deal of propoganda money is being spent in Belgium to assist that man DeGrelle ⁸⁰ in his operations

⁷⁷ Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

⁷⁸ Mrs. Biddle.

⁷⁹ See memorandum by the Assistant Secretary of State, October 13, p. 145. Prentiss B. Gilbert was Chargé in Germany on the date under reference.

⁸⁰ Leader of the "Rexists", i. e., Belgian fascists.

and that that has been going on for two years. I may add that DeGrelle sent a spokesman to a Party meeting in Stuttgart last winter, and what his representative had to say could not have been very consoling to the Belgian majority. You would find it in a report which was sent to you by the Consul General in Stuttgart.⁸¹ The only mistake was that he thought DeGrelle himself was speaking.

As to the real guarantee which the German Ambassador commented upon, one might feel a certain anxiety for the simple reason that Party chiefs here have compelled the Swiss to recognize and allow free activity to the Nazi Party in their country. They did not want to do that, according to their representative here, but fears as to the consequences caused the Government to yield. In so far as Czechoslovakia is concerned, I suspect you have a great deal more information than you obtained from the conversation. The Ambassador, at a dinner where some twenty people were present, asserted before eight or ten of us that there was no question of the right of the Germans to control or annex the peoples of the Danube zone. As that surprised me a little, having known Dieckhoff since I arrived here, I jokingly asked him the question in the presence of our group whether the American Government had the right to annex the whole of Canada, a British representative being present. He did not see the humor of my question, and I had to tell him that a far larger proportion of the population of Canada were from the United States than the proportions in the Danube zone. He held fast to his position, and on another occasion repeated the same remark. When I asked officials of high rank here in the Foreign Office whether the Danube zone should be annexed, they have always indicated that that is their feeling. Having had such conversations, I am a little surprised that my friend Dieckhoff should say to you that the Germans have no thought of annexing Czechoslovakia or even the Sudeten Germans. I hope this really represents a change of policy. If so, it would mean peace in Europe.

I mention these things to you to be considered purely confidential; but I have not yet been convinced that this peace program is going so far, especially after a report to me of the French Ambassador here about a week ago. I hope that our Government, acting through the State Department, may be able to persuade people to recognize one another's rights; and your conversation seems to indicate that that was what you at least for the moment were doing. I certainly hope that the German Ambassador in Washington realizes now the dangers of doing the things he thought of when he was talking as I have indicated.

Sincerely yours,

WILLIAM E. DODD

⁸¹ Report to the Ambassador in Germany, January 18; not printed.

865.00/1757½

*The Ambassador in Italy (Phillips) to President Roosevelt*⁸²

ROME, November 19, 1937.

DEAR MR. PRESIDENT: On my return to Rome I found that the scene had changed considerably and is still changing. There was more emphasis placed on the Rome-Berlin axis and the press campaign against England and France was being resumed with all its customary vituperation. And now more recently, the United States is coming in for unfavorable notice, although as yet without the bitter criticism bestowed upon the British and French, and certainly without the bitterness of our own press against Italy. Happily, the Italian press is not allowed to carry American criticisms and I do not believe, therefore, that anyone except those at the top have any idea of the anti-Mussolini attitude of our press. During the last two or three days the only news from America found in the Italian papers is a reference to your toothache, and this makes sad reading for all your friends.

The principal event, of course, since my return has been the three-cornered Anti-Comintern Pact.⁸³ For days after its signature by Italy, the press sang its praises and those of the Japanese Government and people to such an extent that one became nauseated.

I have, of course, taken the occasion to call upon Count Ciano for an explanation of the affair, and have reported everything that I could gather to the Department. Every sort of oral assurance has been given me that the Pact has no ulterior motives and is merely an official expression of the well-known anti-communist sentiments of the three Governments. But I am far from convinced. The Rome-Berlin axis began in the same way, with the repeated assurances in similar vein, but nevertheless it has grown into a strong alliance between the two Governments. I repeat the word "Governments" because I cannot discover any enthusiasm outside of Government circles for this close tie-up with Germany at the expense, apparently, of good relations with other Powers. Italians do not like Germans, nor do Germans like Italians. But people here are suppressing their own personal feelings and are willingly obeying instructions from above to shout and hurrah whenever an official German appears in their midst, and we are having a continuous stream of such personages. It seems clear that Italy's signature to the Pact was obtained by pressure from Germany, acting presumably at the request of Japan, and that the Duce was reluctant to sign. However, now that the deed has been done, official circles are enthusiastic.

⁸² Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

⁸³ See pp. 605 ff.

As I have also reported to the Department, Ciano has given me new assurances with regard to Italy's attitude towards Spain. He has declared emphatically that the Spanish people would not permit the alienation to any foreign Power of "one inch of Spanish territory", and that if any Spanish Government attempted to do so it would be its death blow. He has also assured me that Italy does not ask for any favored position, political or economic, in Spain, although at the same time he added that it would be pleasant to have some cash recompense for the Italian efforts in Spain.

There is no doubt in my mind that they would like to be well out of the Spanish imbroglio for already there are certain distress signals appearing on the horizon. Prices are rising rapidly, especially that of coal. For example, a year ago the authorized price of a medium quality was one hundred fifty-three lire a ton; now the authorized price is two hundred fifty lire, and the purchasing price is, of course, even higher. Food and even bread are becoming dearer, and it is to be remembered that the masses are desperately poor. Although still in whispers, complaints are heard quite generally against a continuance of the Spanish campaign, and unless the Italian troops can soon be withdrawn I think there will be outspoken dissatisfaction. The extent of the present dissatisfaction is exceedingly difficult to discover, but I am asking a member of the Embassy staff to go to Genoa and Milan for the purpose of ascertaining whether or not in those two industrial centers there is anything of importance to learn in this respect.

I did not fail to inform Count Ciano of the extent of the jittery feeling in America with regard to European affairs and that the continual reference here in high circles to the importance of armament and military might is making a thoroughly bad impression. But Ciano seems elated at his new German and Japanese entente and does not show any particular interest with regard to the attitude of America. On the other hand, in conversation with another member of the Government, I discovered real concern.

I realize that this letter contains nothing new to you but it is always a pleasure to talk to you and I know you will allow me to do so from time to time.

With every good wish for your success in your Congressional program, which I am following with intense interest,

Sincerely yours,

WILLIAM PHILLIPS

740.00/225 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, November 22, 1937—5 p. m.

[Received November 22—4:25 p. m.]

1646. This morning I discussed the European situation with Delbos. He said that he was extremely apprehensive that Germany would in the near future make some sort of drive against Austria. It was clear that the Germans were determined in one way or another to incorporate Austria in the German Reich and he felt that the time might not be far off when they would act. He did not believe that there would be any immediate German action against Czechoslovakia.

He felt that the best chance of beginning negotiations which might lead to a peaceful settlement of the situation in Europe or at least postponement of war would be in the colonial domain. France and England could not offer Germany "concessions" in Austria and Czechoslovakia because in the first place such action would be dishonorable and in the second place the Germans would say that the Austrians and the Germans of Bohemia belonged to them of right and there was no concession whatsoever involved in permitting them to fall into the hands of the Reich. In the colonial domain on the other hand France and England had something to give and could therefore demand something in exchange. He felt therefore that through the door of colonial concessions it might be possible to enter into fruitful negotiations.

He believed that if some progress could be made in the colonial field it might not be impossible to begin conversations for a new Locarno. He was not averse to including Poland in those conversations but felt that he would have to include Czechoslovakia as well if he should include Poland.

I asked Delbos if there were any possibility that the French Government in any future Locarno negotiations would make "exceptions" with regard to the French allegiances [*alliances*] with Poland and Czechoslovakia but would omit an "exception" dealing with the treaty of mutual assistance with the Soviet Union. He said that he felt that would be impossible. French public opinion had to be considered. The Government unquestionably would be overthrown by the Communists. Moreover he doubted the wisdom of abandoning the Soviet Union at this moment as he still feared greatly that Germany and the Soviet Union would come to an immediate agreement if France should abandon Russia altogether.

He said that as far as he was concerned he favored making concessions to Germany piecemeal in order to stave off war but in a democracy it was intensely difficult to make piecemeal concessions and whose

public opinion would very much prefer to submit to a *fait accompli* rather than make a concession which might be much less objectionable than the *fait accompli*.

With regard to Italy Delbos said that neither he nor Chautemps would object to accrediting an Ambassador to the King of Italy, Emperor of Ethiopia, if that were the only bone of contention between France and Italy. He was now convinced that the Italians had no intention of remaining in the Balearics; but the Italians were conducting the most furious campaigns by radio and other sorts of propaganda against France in the French colonies in North Africa and in the Near East. They were, moreover, paying an enormous number of agents in Paris to stir up trouble. If France could get a real understanding with Italy in return for the appointment of an ambassador, that would be an extremely cheap bargain; but he did not believe that Mussolini was inclined to make any such bargain.

He had as now no information whatever with regard to the conversation between Eden [*Hitler?*] and Halifax but had been promised full information tomorrow.

BULLITT

741.62/196 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, November 23, 1937—2 p.m.

[Received 5:30 p.m.]

279. We have as yet been unable to ascertain with any degree of definiteness exactly what transpired at the recent meeting of Hitler and Halifax.

1. Certain officials of the Foreign Office have, however, outlined to a member of the Embassy staff "the Chancellor's foreign policy" on certain outstanding points, intimating that were these questions raised during the interview the German position would presumably be expressed in general conformity therewith. In any event these points are believed to be of interest as an expression of German policy.

(a) Germany undeviatingly desires British friendship.

(b) The real question expressed or unexpressed from the German point of view is not however, what Germany will give in exchange for such friendship but rather what Great Britain can do if she does not come to an agreement with Germany.

(c) There is no necessity for Germany to make her position clear. That has already been done. It is the British position which is not clear anywhere in the world.

(d) As a corollary of the foregoing it is apparent that the British must choose between a reasonable understanding with Germany or a definite tie up with France, Czechoslovakia, and Russia, or endeavor to "muddle through". In the event of Great Britain's pursuing the

former course Germany will respect the integrity of the Empire. Should Great Britain follow either of the two latter Germany must look to her own deliberating in the face of the respective contingencies envisaged.

(e) An "understanding" with Germany would include primarily that Great Britain must "understand" that Germany will not be content until the return of her pre-war colonies or their general equivalent. Germany is not asking for precise territories or their exact equivalent acre for acre. Should either Great Britain or France declare any area to be essential to them Germany would not expect its return. Germany furthermore makes no stipulation respecting the time or method of such return, but is interested only in its accomplishment and is willing to leave all details to London and Paris.

(f) Germany has no intention of initiating a European war and will exert every means to prevent being drawn into a European war should one occur. Germany has no alliance or military arrangement with Italy. Should, for example, Great Britain go to war with Italy over the Mediterranean question, Germany's present attitude is that she would remain neutral. Germany however is not unregardful that certain advantages would presumably accrue to her from the weakened position of the participating powers following such a war.

(g) Germany has no quarrel whatsoever with France. In view of the Maginot line and general French military establishments, Germany regards France as being defensively a first class power. Upon the completion of Germany's Rhineland fortifications, France will however be reduced offensively to a second class power.

(h) Germany desires nothing respecting Czechoslovakia except autonomy or at least "equal treatment" for the German minority.

(i) Germany contemplates no move respecting Austria but will leave that situation to work out through internal evolution.

(j) Respecting the Far East Germany is not offering herself as a mediary in the Sino-Japanese conflict. Despite, however, her anti-Communist agreement with Japan, or in any way because of it, Germany is in a position to exercise good offices between the two parties inasmuch as Germany perhaps more than any other power desires an end to the conflict. In the first place in common with other powers Germany wishes to salvage and safeguard her interests in China. In the second place Germany does not desire a weakened Japan which a protracted conflict might bring about.

2. The Chief of the Political Division of the Foreign Office speaking specifically of the Hitler-Halifax conversations said they were extended, covered a wide range and presumably touched upon a number or perhaps all of the points enumerated above. They could be characterized by stating that they were strictly conversations not negotiations, that they developed no sensational elements, and that nothing whatsoever was reduced to writing. Although there was nothing remotely approaching an agreement on substantive points an understanding was reached respecting what he termed "procedure"

which he felt might be of the highest political importance. He emphasized the importance which the Foreign Office attached to this by stating that a summary of this result had been telegraphed to all German diplomatic missions for their information but not at least at the moment for disclosure to foreign governments. He stated, furthermore, that a full disclosure of what had developed in this respect would shortly be made public, the inference being that this would take place in the form of communiqués by the two Governments.

3. An official of the British Embassy without disclosing anything precise on the Hitler-Halifax conversations nevertheless characterized this happening as a turning, or as a beginning of a turning, toward realities in London policy. How far it would develop along these lines would, he felt, naturally depend among other things on home reactions. He said that Great Britain could not sustain the current enmity of Germany, Italy, and Japan, that she must choose at least one of these with which to come to terms, and that of the three an arrangement with Germany seemed to be the most expedient.

He admitted, however, that he was unable to say whether London's approach to Berlin might not primarily contain elements of a maneuver to bring pressure upon Rome.

His interpretation of the Hitler-Halifax meeting was nevertheless that it certainly marked "an attempt at a refund". If it proved to be a real beginning as he believed was the case, the next step might probably be a visit of Neurath to London and perhaps a return visit of Chamberlain to Berlin.

4. Italians here give evidence of being disturbed over the potentialities of the Halifax visit.

5. Based on a belief here that German economy is progressively deteriorating the apprehension is expressed in certain diplomatic circles that when the pinch actually comes a danger will arise of Germany's being driven to desperate international courses or at least as characteristic of the present German type of government, that the regime will undertake an external "diversion". This opinion thus feels that an association in some form between London and Berlin might operate as a restraining influence and is therefore hopeful of its accomplishment.

There also remains a school of thought which is distrustful of any "help" being given Germany in the fear that it would operate as an encouragement to an unwelcome and disturbing expression of German external policy.

123 Bullitt, Wm. C./382

The Ambassador in France (Bullitt) to the Secretary of State

No. 1267

PARIS, November 23, 1937.

[Received November 30.]

SIR: I have the honor to report that, in accordance with my telegram No. 1557 of November 4, 2 P. M.,⁸⁵ to the Department and the Department's telegram No. 563 of November 4, 3 P. M.,⁸⁵ to me, I left Paris, to visit Ambassador Biddle, on Saturday evening, November 13th at 6:15 P. M., arriving in Warsaw at 4:32 P. M., on November 14th. I left Warsaw at 10:20 P. M., November 17th, arriving in Berlin at 8:00 A. M., November 18th. I departed from Berlin on November 19th at 9:30 P. M., arriving in Paris at 9:55 A. M., on Saturday, November 20th.

In the course of this trip I talked with a number of statesmen and diplomats, and it has occurred to me that the Department might be interested in having more than a formal report of the dates of my journey. I append, therefore, memoranda recording portions of conversations with the following: 1. The Polish Minister for Foreign Affairs, Colonel Joseph Beck, Marshal Śmigły-Rydz, and other members of the Polish Government: 2. The Japanese Ambassador in Warsaw, Shuichi Sakoh; 3. The Italian Ambassador in Berlin, Bernardo Attolico; 4. Baron Konstantin von Neurath; 5. Doctor Hjalmar Schacht; 6. General Hermann Goering.

Respectfully yours,

WILLIAM C. BULLITT

[Enclosure 1]

Memorandum by the Ambassador in France (Bullitt) of Conversations With the Polish Minister for Foreign Affairs (Beck), the Polish Marshal (Śmigły-Rydz) and Other Members of the Polish Government

In Warsaw I had five conversations with Colonel Joseph Beck, Minister for Foreign Affairs and talks with Marshal Śmigły-Rydz, Count Szembek, the Under Secretary for Foreign Affairs, Mr. Wszelaki, Economic Adviser of the Polish Foreign Office, several other members of the Polish Government and a number of ambassadors and ministers. Ambassador Biddle, who was with me throughout nearly all these conversations, informed me that he would report them, and I wish merely to call attention to some of the statements which seem to me of particular importance.

Colonel Beck stated to me that he believed that Germany in the

⁸⁵ Not printed.

near future would take some action against Czechoslovakia. He did not believe that there would be a frank invasion of Czechoslovakia; but felt that the German Government would provoke some sort of an uprising on the part of the Germans of Bohemia and would then support such an uprising by arms, ammunition, and men from Germany. He and Marshal Śmigły-Rydz both expressed the opinion that France would not intervene to save Czechoslovakia. They both stated that they believed the French Government, before taking any action, would consult the British Government and that the British Government would suggest that the French Government should refer the matter to the League of Nations before acting, and that before the League of Nations had acted, Czechoslovakia would have been conquered.

I disagree with this opinion as I believe that at the present moment the French would mobilize at once in case of a German attack on Czechoslovakia, either direct or through the Germans of Bohemia. I do not know how long this state of mind on the part of the French Government will prevail and I can not guarantee that it will exist next month or the month after.

I asked Beck what Poland would do in case France should become involved in war with Germany because of a German attack on Czechoslovakia. Beck replied that in the hypothetical case I had presented, the *casus foederis* between France and Poland clearly would not arise. Poland positively would not march. He went on to explain that Poland would fulfill the direct obligations of her alliance with France completely and in case of German aggression against France, Poland would march at once; but that under no circumstances would Poland become involved in protecting French satellites in Central Europe, especially Czechoslovakia.

I asked Beck if he did not feel that there was some possibility that the German attack on Czechoslovakia which he anticipated might be forestalled by the Czechs granting a certain degree of autonomy to the Germans of Bohemia. He replied that he did not believe that Beneš would have sense enough to make this concession. He then added, speaking with a passionate intensity, that if Czechoslovakia should grant autonomy to the Germans of Bohemia, Poland would demand at once autonomy for the three hundred thousand Poles of the Teschen district. The latter statement seemed to me of particular importance.

In discussing the question of Danzig, Beck said that Hitler personally had given Lipsky, Polish Ambassador in Berlin, the most absolute assurances that he cared too much about Germany's present good relations with Poland to permit the Germans of Danzig to do anything which would be totally unacceptable to Poland. Beck went

on to say that he was confident, therefore, that although the situation in Danzig might remain difficult, it would not lead to any intensely unpleasant incidents.

I stated to both Beck and Śmigły-Rydz that I had been informed from French sources in Brussels that Potemkin, former Soviet Ambassador to France who is now Under Secretary at the Soviet Foreign Office, had said that the Soviet Government had decided to give up all preparations for a possible military offensive on the European frontier of Russia and had decided to create on the European frontier of Russia a zone of virtual devastation approximately two hundred kilometers deep for defensive purposes, except along the railroad lines.

Both Śmigły-Rydz and Beck said that they had had no information to this effect. Śmigły-Rydz went on to say, however, that he was convinced from his military intelligence reports that the Red Army along the European frontier was totally incapable at the present time of taking the offensive; the staffs of the armies on the Polish and Rumanian frontiers of the Soviet Union had been so destroyed by the recent executions and so shaken in self-confidence that any offensive operations were out of the question. He felt, therefore, that the position of Poland vis-à-vis the Soviet Union was today much safer than it had ever been.

I discussed briefly with Beck the recent tension between President Mościcki and Marshal Śmigły-Rydz. He said that he had been able to bring about a reconciliation by calling on both men to remember that the international interests of Poland must be regarded as superior to any personal or internal interest whatsoever. It had been agreed that final authority should rest in the hands of Marshal Śmigły-Rydz. In this connection, Beck went out of his way to say to me that he hoped I had noticed what excellent personal relations existed between him and Śmigły-Rydz when we had been together. I had, on the contrary, noticed that, while Śmigły-Rydz seemed completely at ease, Beck was the polite and somewhat fearful subordinate in his relations with Śmigły-Rydz.

I am inclined to believe that the difficulties in Poland which arose from the personal ambitions of Mościcki and Śmigły-Rydz and their respective followers may be regarded as settled for the moment; but the underlying economic situation in Poland is so bad that it is impossible to predict a long period of political stability.

In this connection, both Beck and Count Michael Lubinski, Beck's Chef de Cabinet, spoke to me of their hope that Mr. Bernard Baruch might follow up the conversations he had had with the Polish Am-

bassador in Paris, Jules Lukasiewicz, by some action to revive the economic life of Poland and thereby assist the Jews along with the whole Polish population. Beck also said to me that he was extremely grateful that the President, in a conversation which he had had with Count George Potocki, Polish Ambassador in Washington, had said that he would be glad at some future time to use his good offices to promote the immigration of Polish Jews to Central and South America.

In connection with our discussion of the possibility of preserving peace in Europe, Beck said that he hoped I might use my influence with the French Government to obtain the inclusion of Poland in any negotiations for a new Locarno. I replied that, as he knew, the Government of the United States was most careful not to intervene in political arrangements in Europe. He replied that he did not mean official intervention or advice by the American Government. He happened to know that the members of the French Government were often in the habit of discussing their problems with me in an intimate and friendly manner and asked me if I could not take the line of advising the inclusion of Poland in the negotiations for a new Locarno in any such conversations I might have. I replied that I could not do so without authorization from my Government. He then asked me what my own opinion was with regard to the matter and I told him that I believed (which I do) that the inclusion of Poland would be highly desirable.

I gathered from my conversations with Beck and from statements made to me by various ambassadors and ministers in Warsaw that the influence of the British Government in Poland has increased greatly during recent months. The French Ambassador, Noël, for example, said to me that he was able to get little done in Warsaw if he acted alone but that in every case in which he had been supported by his British colleague, the Poles had complied with his requests.

[Enclosure 2]

Memorandum by the Ambassador in France (Bullitt) of a Conversation With the Japanese Ambassador in Poland (Sakoh)

I had an extremely interesting conversation with the Japanese Ambassador in Warsaw, Sakoh, who was Counselor of the Japanese Embassy in Moscow when I was at that post. Sakoh, in the past, has often talked to me with surprising frankness but I am not altogether sure that his frankness in this case was not on orders from Tokyo. Sakoh said that no one in the Japanese Government today knew what was Japan's policy with regard to China. He hoped and all the mem-

bers of the Government, including Prince Konoye, hoped that the Japanese military men would be content to get out of Central and Southern China and agree to make peace on the basis of the granting of autonomy to the five Northern Provinces and their demilitarisation. He went on to say that he himself was most fearful with regard to a continuance of the war. Japan's economic and financial condition was growing worse rapidly and if the war should go on for four to six months longer, he feared economic collapse. On top of this, he feared that when Japan should be exhausted to the utmost degree, Russia might attack and attack successfully.

I should have taken this "confidence" more seriously except for the fact that the Italian Ambassador in Warsaw, who also was a colleague of mine in Moscow, recounted to me an exactly similar conversation that he had had with Sakoh.

[Enclosure 3]

Memorandum by the Ambassador in France (Bullitt) of a Conversation With the Italian Ambassador in Germany (Attolico)

My first conversation in Berlin on November 18th, after seeing Ambassador Dodd, was with Bernardo Attolico, Italian Ambassador in Berlin, who is a close friend of mine. The theme of Attolico's remarks was that Mussolini desired peace ardently and would be ready to support peace everywhere in return for recognition of the King of Italy as Emperor of Ethiopia. He made the curious suggestion that if the French should object to accrediting an Ambassador to the King of Italy as the Emperor of Ethiopia, they might accredit an ambassador to "The King of Italy and Emperor," leaving out any definition as to what he was Emperor of! I asked him if he really believed that this somewhat fantastic formula would be acceptable to Mussolini and he said that it would be.

Attolico said that his brother-in-law is in charge of all Italian policy with regard to Spain and that he is, therefore, completely informed on Italian policy with respect to Spain. He said that he could swear to me on his life that the Italian Government had no intention whatsoever of retaining possession of the Balearic Islands or of Ceuta. He said that as soon as Franco had triumphed and danger of Bolshevism in Spain had been eliminated, all Italian troops would be withdrawn. He also swore that Italy had no designs on Tunis.

Attolico then launched into a description of his hopes with regard to the future. He said that he believed that if Ethiopia should be recognized as an Italian possession, it would be possible for Italy to begin conversations for a new Locarno and expressed the belief that the German Government would be ready to begin such conversations.

I asked him how Italy would view the inclusion of Poland in such conversations. He said that the Italian Government had already informed the Polish Government that Italy would view with favor the inclusion of Poland and went on to say that he felt Germany would favor the inclusion of Poland, provided that the French should be willing to include as "exceptions" their alliances with Poland and Czechoslovakia but to omit as an "exception" the Pact of Mutual Assistance with the Soviet Union. At the close of our conversation, Attolico said that he was most anxious for me while in Berlin to have conversations with some of the Nazi leaders. He had, therefore, without consulting me, ventured to communicate with Neurath and Goering to tell them that I was coming through town, and that both had expressed the wish to see me. He had gone so far as to arrange an appointment with Goering.

I replied that I had known Neurath well for many years and invariably saw him as a friend on my way through Berlin but that I was extremely hesitant about having an interview with Goering. He said that he had arranged it, however, and hoped most ardently that I would carry it through. As he was obviously in an embarrassing position, I left the matter indefinite until I had had an opportunity to return to the American Embassy and consult Ambassador Dodd. I said to the Ambassador that I left the question entirely to him and should be glad to develop a severe cold or a diplomatic ptomaine poisoning, if he should consider that wise. He said, on the contrary, that he thought it was all right for me to ask Goering some questions.

I therefore saw not only Baron Konstantin von Neurath but also General Hermann Goering.

[Enclosure 4]

Memorandum by the Ambassador in France (Bullitt) of a Conversation With the German Minister for Foreign Affairs (Von Neurath)

My conversation with Neurath on November 18th was less interesting from the point of view of what was said than from the manner in which it was said. As I have seen Neurath many times since the war, he is to me a good barometer of the state of mind of official Germany. I have known him in moods of the greatest pessimism and at other times in the mood almost of a suppliant. I found him on this visit to Berlin supremely self-confident and I found the atmosphere of the Wilhelmstrasse again as cocky as before the war.

I said to Neurath that I seemed to feel from one end of Europe to the other at the present time a genuine desire to end the present discord and to establish a real peace and asked him if he had any similar feeling.

Neurath replied that Germany certainly desired peace. So far as France was concerned, there was absolutely no outstanding question whatsoever between Germany and France. Alsace-Lorraine had been abandoned by Germany definitely and forever. The national economies of the two countries supplemented each other perfectly and there was no reason why their trade should conflict. On the contrary, it should increase yearly. Furthermore, the French had made it clear that they were ready to return the German colonies that they had been given by the Treaty of Versailles, provided England should take a similar course. Such conflicts as existed between France and Germany were entirely indirect. For example, three million and one-half Germans on the southern border of Germany were being treated as an inferior race by the Czechs, and France was supporting the Czechs. It was exactly as if there were three million and one-half Americans living in a solid block in Mexican territory on the border of Texas, who were being maltreated in every way by the Mexican Government. There would be a constant irritation in the United States and constant bad relations with Mexico until those Americans were being treated in a decent way. The United States could not have close or really friendly relations with any country which was encouraging the Mexican Government to treat those Americans unfairly.

Neurath said that he did not expect this question to lead to war; but he believed that the Government of Czechoslovakia must be brought to grant the Germans of Bohemia a wide degree of autonomy so that they could live their own lives in their own way. The Czechs must learn to be as reasonable as the Poles had been in their recent agreement with Germany in respect of the German minorities in Poland.

Neurath then said that on the whole he was more optimistic about the possibility of bringing about a reconciliation between Germany and France than he was about the possibility of bringing about a reconciliation between England and Germany. He had had only a brief talk with Halifax and it appeared that Halifax had brought no concrete proposals but had come to listen. He feared that the British were going to be extremely stiff-necked on the subject of the German colonies. So far as Germany was concerned, she felt she had a right only to demand the return of the colonies which had belonged to her before the war. If the British should wish to retain any of those colonies they were quite at liberty to make a deal with the Portuguese or the Belgians and give equally valuable Portuguese or Belgian colonies to Germany.

I asked Neurath to explain to me the position of Germany vis-à-vis the Sino-Japanese conflict. He said that Germany desired just one thing, which was the most rapid end possible of the conflict. He

feared that if the war should go on and Japan should become seriously weakened, the Soviet Union might attack Japan successfully. He hoped that the Japanese would be content with the establishment of an autonomous régime in North China and that the Chinese would accept this solution. I asked him if Germany's relations with Japan were sufficiently close for the German Government to exercise any restraining influence on the Japanese Government. He said that they were not, and added that the Anti-Comintern Pact was a large façade behind which there was no building. He could assure me that there were no secret clauses attached to it. (Incidentally, Attolico, the Italian Ambassador in Berlin, made exactly the same statement to me with regard to Italy's relations with Japan.)

In conclusion, Neurath said to me, "Tell your French friends that we are quite ready to establish the best possible relations with them." He made it clear, however, that the German Government, so far as peace is concerned, intends to take no initiative.

[Enclosure 5]

Memorandum by the Ambassador in France (Bullitt) of a Conversation With the German Minister for Economic Affairs (Schacht)

I had a conversation with Doctor Hjalmar Schacht which was not altogether without interest. Schacht began by saying that he regretted greatly that nothing had come of his two visits to Paris in the course of which he had attempted to establish the basis for a Franco-German *rapprochement*. He said that he had found Blum extremely reasonable with regard to the colonial question. He then went on to speak of the absolute necessity for doing something to produce peace in Europe before the outbreak of war toward which the Continent was drifting. He prefaced his remarks by saying that he himself today was "completely without influence on that man," meaning Hitler. He seemed to regard himself as politically dead and to have small respect for "that man." He said that the one way he could see to peace was through direct negotiations between France and Germany. He did not believe that the conversations which Halifax was about to have with Hitler would lead to any considerable results. Hitler was furious with the British because he had made his one great gesture of political generosity toward the British and the British had not responded by any similar gesture. He had offered to limit the German fleet and the British had quietly pocketed this concession⁸⁶ and had then made none of the corresponding gestures toward Germany that Hitler had anticipated.

⁸⁶ See *Foreign Relations*, 1935, vol. I, pp. 162 ff.

Schacht said that in his opinion the best way to begin to deal with Hitler was not through political discussions but through economic discussions. Hitler was not in the least interested in economic matters. He regarded money as "filth." It was, therefore, possible to enter into negotiations with him in the economic domain without arousing his emotional antipathies and it might be possible through the conversations thus begun to lead him into arrangements in the political and military fields in which he was intensely interested.

Hitler was determined to have Austria eventually attached to Germany and to obtain at least autonomy for the Germans of Bohemia. At the present moment, he was not vitally concerned about the Polish Corridor and in his (Schacht's) opinion, it might be possible to maintain the Corridor provided Danzig were permitted to join East Prussia and provided some sort of a bridge could be built across the Corridor uniting Danzig and East Prussia with Germany.

[Enclosure 6]

Memorandum by the Ambassador in France (Bullitt) of a Conversation With the German Minister for Aviation (Goering)

I said to General Goering as soon as I met him that I should be extremely glad to have his ideas on the prospects of peace and war in Europe and that I wished he would begin by telling me what he thought of Germany's relations with France.

Goering said that there was no direct conflict whatsoever today between Germany and France. Germany had given up entirely and forever the idea of regaining Alsace-Lorraine. Germany had learned through long experience that the people of Alsace and Lorraine would inevitably be against whichever of the two countries happened to have the sovereignty over Alsace-Lorraine at the moment and would be permanently a source of discord within the country to which they were attached. Germany did not desire to have any half-loyal citizens and, therefore, had not the slightest desire for a return of Alsace-Lorraine to the German Reich.

In addition, the economic systems of France and Germany were completely complementary. It should be possible to develop to a much greater extent the exchange of all sorts of products between France and Germany.

Furthermore, the French had contributed so much to the culture of Germany and the Germans had contributed so much to the culture of France that as two civilized peoples who lived side by side they had a deep underlying esteem for each other. Furthermore, the French and the Germans respected each other as brave soldiers and

courageous peoples who were ready to die for their respective countries. In addition, the French Government had indicated that it was prepared insofar as it was concerned, to return the German colonies which had been transferred to France by the Treaty of Versailles. There was, unfortunately, the proviso that France would only take this action if Great Britain were prepared to make a similar concession.

There was, therefore, no cause of discord whatsoever in the direct relations between France and Germany to prevent the closest sort of friendship between the two countries. So far as Germany was concerned, he could say with authority that Germany today was prepared to conclude at once an offensive and defensive alliance with France.

The sole source of friction between Germany and France was the refusal of France to permit Germany to achieve certain vital national necessities. If France, instead of accepting a collaboration with Germany, should continue to follow a policy of building up alliances in Eastern Europe to prevent Germany from the achievement of her legitimate aims it was obvious that there would be conflict between France and Germany.

I asked Goering what aims especially he had in mind. He replied, "We are determined to join to the German Reich all Germans who are contiguous to the Reich and are divided from the great body of the German race merely by the artificial barriers imposed by the Treaty of Versailles."

I asked Goering if he meant that Germany was absolutely determined to annex Austria to the Reich. He replied that this was an absolute determination of the German Government. The German Government at the present time was not pressing this matter because of certain momentary political considerations, especially in their relations with Italy; but Germany would tolerate no solution of the Austrian question other than the consolidation of Austria in the German Reich. He then added a statement which went further than any I have heard on this subject. He said, "There are schemes being pushed now for a union of Austria, Hungary, and Czechoslovakia either with or without a Hapsburg at the head of the unit. Such a solution is absolutely unacceptable to us, and for us the conclusion of such an agreement would be an immediate *casus belli*." (Goering used the Latin expression *casus belli*. It is not a translation from the German, in which our conversation was carried on.)

I asked Goering if the German Government was as decided in its views with regard to the Germans in Bohemia as it was with regard to Austria. He replied that there could be only one final solution of this question. The Sudeten Germans must enter the German Reich as all other Germans who lived contiguous to the Reich.

I asked if the German Government might not be content if the Czech Government should accord to the Germans of Bohemia a large measure of local autonomy while keeping them under Czech sovereignty. Goering replied that such a concession on the part of the Czechoslovak Government would lead to a temporary appeasement of the situation; but the autonomy would have to be real autonomy and such a solution would not be a final solution. There could be no final solution but the inclusion of these Germans within the Reich.

I asked Goering how he viewed the case of the Germans in other portions of Europe; notably the Germans of Transylvania. He replied that these racial groups were cut off from the main body of the German people and could not, therefore, be joined to it. All that Germany would insist upon would be that they should be treated as equals with equal rights and be permitted to retain their cultural life. The situation of the Germans in Transylvania was extremely unsatisfactory. On the other hand, the Yugoslavs had treated the Germans within their borders with such conspicuous intelligence and fairness that the leaders of the Germans of Yugoslavia had informed him recently that they had no real grievances and that they would resist to the utmost any arrangements in Europe which might envisage their return to Hungary.

Goering then added that the only other two considerable German racial groups which would lie outside the borders of the German Reich, after the Germans of Austria and Bohemia had been included, would be the Germans of the South Tyrol who were now in the hands of Italy and the Germans in Poland. He did not feel that there was a sufficient number of Germans in Italy to warrant a major war for their attachment to the Reich. Similarly the Germans of Poland would have to stay where they were because there were a considerable number of Poles in Germany and all that either Poland or Germany could expect would be that these minorities should be treated on each side of the border with the greatest human consideration.

Goering went on to say that the idea that Germany had any ambitions to annex the Ukraine was pure nonsense. I suggested that one of the reasons it was nonsense was that it would involve first the conquest of Poland and then the conquest of the whole of Central Europe before it could become realizable.

Goering replied that this was so and that in addition Germany had no desire to have territory in Europe except territory inhabited by Germans.

I thanked Goering for giving me such a clear expression of Germany's intentions with regard to the Continent and asked him if he would pass on to the colonial field.

Goering said that Germany's demands in the colonial field were well known. They were for a return of the German colonies which had been taken away from Germany by the Treaty of Versailles. Germany had no right to demand anything but these colonies. On the other hand, Germany had no desire to be stiff-necked about this matter. If England should not wish to return German East Africa or German Southwest Africa, for military and other reasons, Germany would make no objection if England could make an arrangement, financial or otherwise, with Portugal and Belgium for the giving to Germany of Portuguese and Belgian colonies in West Africa which would compensate Germany for the loss of her East African possessions. It was idle to say that Germany could not get raw materials of great value from African colonies; for example, the Cameroons. It was entirely true that today the Cameroons had been very little developed and were producing very little, but with German intelligence and energy applied to them, they could be made to produce materials of the greatest value to Germany. The same was true of many other areas in Africa which today were undeveloped or under-developed. The essential problem for Germany was to feed and maintain her people at a decent standard of living. It was entirely clear that with the increase of population in Germany the soil now in the hands of Germany would be insufficient to maintain this increasing German population. Before the war, when barriers to international trade had been low, it had been possible for Germany to maintain herself by her great international trade. Today barriers were so high that this would soon become impossible. He hoped that there might be a reduction of such barriers and that Germany could find increasing markets for her products but she could not feel safe unless she had a colonial domain which would give her access to her own raw materials.

Goering then went on to say that he deplored greatly the present state of trade relations between Germany and the United States. The trade between the two countries was ceasing to be of any importance which was contrary to all reason. Indeed, Germany was almost isolated from the United States. There were certain countries with which Germany had good relations; and certain countries with which Germany had bad relations; but with the United States, Germany had no relations at all. He then asked me why I believed there was such hostility to Germany in the United States.

I replied that there were many sources of this hostility. All Americans were devoted to the ideal of democracy. There had been a democratic government in Germany, or at least the semblance of a democratic government, which had been destroyed and replaced by Nazi dictatorship. Any governing group which destroyed democracy to replace it by dictatorship would always be unpopular in the United

States. Furthermore, the German Government had at the same time attacked with the utmost violence the Jews, the Catholic Church and the Protestant Church. The reaction in America among Protestants, Catholics and Jews had, therefore, been natural, immediate, and intense.

Goering then protested, saying that he was informed that people in the United States believed that the National Socialist Government was attempting to set up a heathen church in Germany. I replied that this was so. He said that it was true that within the Nazi Government there was a small group of people who desired to see a return to the Norse gods, but he could assure me that this movement was completely without importance and did not include more than one percent of the Nazi Party. So far as he, himself, was concerned, he was a Protestant and still attended church services. He had been to church recently on the occasion of the confirmation of his nephew. He thought that the violence of the reaction in the United States probably was due to the Jews. I replied that in some measure it was due to the Jews as was only natural, but that it was not only the Jews but all Americans who were shocked and horrified by the treatment of the Jews in Germany and that the attacks on the Catholic Church and the Protestant Church and on democracy and human freedom were factors of equal importance.

I then added that there was an additional element which was playing a certain role at the moment. It appeared that the Nazi Government was engaged in forming Nazi organizations in the United States. Neither the Government nor the people of the United States could tolerate the formation on their soil of any national group or other group directed by any foreign country. We could not permit Hitler, Stalin, Mussolini or any other dictator to organize groups of agents in the United States. If we should do so, we would soon cease to be a nation and become a mere battleground for the conflicting ambitions of foreign dictators.

Goering said that he considered this entirely reasonable and understandable and if he were an American would certainly not tolerate the slightest interference by any foreign agency in the life of the United States. The German Government had forbidden any German citizen to participate in any way in the formation of such groups. He believed that I would find that such groups were formed by American citizens of German origin. I replied that I felt quite certain that such groups would not be formed without the approval and desire of the German Government. Goering then said: "It is true that certain persons in our Government here believe that we should attempt to organize the Germans, especially of the Middle West, because they feel that if Germany should again become involved in war with France

and England, there would come a moment when the United States might again consider entering such a war against Germany and they believe that such groups of organized Germans in the United States might throw their influence decisively against a declaration of war and might prevent the United States entering such a conflict. [7]

I then said that I could merely remind him of two things: The first, that the organization of German groups in the United States during the late war had aroused hostility throughout the entire country against Germany. The second, a conversation which had taken place during the World War between our Ambassador to Germany, Mr. James Gerard, and Zimmerman, who was Acting Secretary of State for Foreign Affairs of the Reich at that time. Zimmerman had stated to Gerard that the United States could not enter the war because there were five million Germans in the United States who would prevent by force, if necessary, any such action. Mr. Gerard had replied that if there were five million Germans in the United States, there were five million and one lamp posts.⁸⁷ Goering did not seem to get the point with absolute clarity. I, therefore, added, "and you will understand that, if, as you have said, there are six million Germans in the United States today, who could be organized to influence the action of the United States Government, there are a great many more than six million tree limbs on which to hang them."

Goering seemed to find this remark entirely reasonable and in a more friendly and intimate tone asked, "What then can we do to improve our relations with the United States?" I replied that he had an excellent ambassador in Washington at the moment who could doubtless inform him better than I could on this subject.

I then asked Goering for his views with regard to the Far East. He said that he believed the Japanese would win the war and succeed in imposing on China precisely what they should desire to impose. I asked Goering if he knew precisely what that was. He said that he believed that the Japanese aim was to organize the Northern Provinces of China thoroughly as a base from which to attack the Soviet Union, since it was obvious that Japan would be compelled to attack the Soviet Union owing to the geographical position of Vladivostok. The Japanese desired to have Central and South China in relative chaos and impotence until they had finished with the Soviet Union.

At this point, Goering asked me why the United States had begun to build battleships for the Soviet Union.^{87a} I replied that I had no

⁸⁷ See James W. Gerard, *My Four Years in Germany* (New York, George H. Doran Company, 1917), p. 237.

^{87a} For correspondence concerning negotiations between the American Government and that of the Soviet Union on this subject, see *Foreign Relations, The Soviet Union, 1933-1939*, pp. 457 ff.

information to the effect that the American Government was building battleships for the Soviet Union and I considered such a report highly improbable. Goering said that his information indeed was rather vague on this point.

I asked him what his views were with regard to the Soviet Union at the present time. He said that in his opinion the Red Army on the European frontier had ceased to be a serious fighting force if indeed it had ever been one. He said that the reports of the prowess of Soviet aviation in Spain were extraordinarily misleading. German officers in Spain had analyzed in detail the débris of all Soviet planes that had been shot down behind Franco's lines. They had discovered that every Soviet plane which had flown with conspicuous success in Spain had been of American manufacture. I asked him if he meant manufactured in Russia on American models. He replied in the negative, and said that the Russians had actually sent to Spain not planes manufactured in Russia on American models but planes every part of which had been manufactured in America. That explained the excellent performance of those particular planes. All his information was to the effect that planes actually manufactured in Russia copying American models were of such inferior workmanship that they could not compare with planes actually built in America. Furthermore, this was true with regard to all Soviet industrial products. They might turn out five thousand tractors in a year but it was extremely improbable that a single one of those tractors would be running two years after it had been put in use. Furthermore, the service of supply of the Russian Army today was in as lamentable condition as it had been in the time of the Czar. In the time of the Czar the Russian Armies at the front were frequently without food or munitions. The service of supply then had been controlled largely by Jews. It was still controlled largely by Jews and, if the Soviet Union should attempt to make war on the European frontier, he would expect a complete collapse of the Soviet Armies because of bad organization. He did not think that today there was the faintest chance of the Soviet Union attempting any offensive operations on the European frontier.

Goering said that he believed the Soviet Army in the Far East was better organized than the Soviet Army on the European frontier; but he felt confident that in spite of the increasing weakness of Japan, the Soviet Union would not dare to intervene in the Sino-Japanese conflict. He then said that the Japanese Army had shown itself to be considerably weaker than expected and that the Chinese, with totally inadequate weapons, had made a very fine defense due in part, he felt, to the presence of German staff officers with the Chinese armies.

Goering then said that he was surprised to learn that the United States was building battleships which could not possibly pass through the Panama Canal. I replied that I believed his statement was entirely erroneous. He said that he could not admit this; that his information was positive. The newest American battleships could not possibly go through the Panama Canal. I told him that we would have to disagree on this point. He then said that no matter whether we could put our new battleships through the Canal or not, we could do nothing in the Far East to interfere in any way with Japan.

I was indiscreet enough to remark that the combined American and British fleets might be powerful enough to do something although neither Great Britain nor the United States had any desire for any conflict with Japan. Goering replied, "You know that the British Fleet can not operate anywhere at the present time. It is completely pinned down by ourselves in the North Sea and by the Italians in the Mediterranean."

Goering then said that he hoped I realized there was an intense desire on the part of the German Government to develop better relations with the United States and on this note, pleasantly, our conversation ended.

741.62/201 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, November 24, 1937—8 p. m.
[Received 8:26 p. m.]

735. Embassy's 717, November 15, 6 p. m.⁸⁸ The Prime Minister in the House of Commons this afternoon in reply to a question regarding the recent conversations between Lord Halifax and Herr Hitler stated *inter alia*:

"The visit of the Lord President of the Council was entirely private and unofficial. It had, however, been arranged that Lord Halifax should see Herr Hitler. . . .⁸⁹ The Lord President also had an opportunity of meeting General Goering, Doctor Goebbels and other prominent leaders in Germany. These conversations were of a confidential character and the House will not I am sure expect me to make any further statement in regard to them at this stage. I am satisfied, however, that the visit has been valuable in furthering the desire, which I feel to be generally felt in both countries, for the establishment of closer mutual understanding".

⁸⁸ Not printed.

⁸⁹ Omission indicated in the original.

Official of the Foreign Office, in conversation this afternoon, subsequent to the Prime Minister's statement, deplored the large amount of public and speculative comment of which the Halifax visit has been the occasion. He realized that this publicity was inevitable but that speculation in general has gone so far beyond the facts that the results may be harmful. The official did not volunteer any information as to the nature of the conversations, but pointed out that they were merely another link in the chain of discussions which Sir Nevile Henderson⁹⁰ has been carrying on for months. There were, however, certain points which he said he hoped I would emphasize in any report to my Government:

There is no justification for interpreting from the Halifax visit that there has been any fundamental change in British policy vis-à-vis continental Europe. The British have no intention, he said, of reaching a bilateral settlement of difficulties with Germany and they still adhere to the belief and policy announced authoritatively on many occasions in the past 2 or 3 years by British statesmen that there can be no permanent appeasement in Europe and no permanent solution in particular of the German problem except on the basis of a collective settlement in which the rights of all countries would receive due consideration. It was unthinkable, he said, that Great Britain should abandon her old ally France, with a view simply to reaching a settlement of her own with Germany that might on a short view be favorable to Great Britain.

(The British are fully aware that a bilateral Anglo-German agreement without the concurrence of France would merely be the signal for smaller European powers closely connected with France by treaty and understanding to flock to Berlin to make bilateral agreements on their own behalf on the best terms they could. This would give Germany such a preponderating position on the Continent that it would be no solution at all from the British point of view.)

The official also said that he hoped I would make it clear that there is not, as believed in some quarters and reflected in portions of the press, any real divergence in the Cabinet as to the bases of the policy Great Britain is to pursue in the endeavor to reach an agreement with Germany. The visit of Lord Halifax, he said, did not result in any new preclusion of Germany's aims nor in any agreement or understanding of any kind. He said it would be most accurately described as a ["]prise de contact".

I gather from this conversation that the Foreign Office at least had not entertained any exaggerated hopes of the Halifax visit and that it was neither disappointed nor surprised at the results, whatever those results precisely may be. They feel that a useful contact has been

⁹⁰ Sir Nevile Meyrick Henderson, British Ambassador in Germany.

made and a certain degree of confidence established in the German leaders by an able and experienced and thoroughly reputable member of the British Government. The official mentioned the fact, now made public, that M. Chautemps and M. Delbos have been invited to visit London on November 29 and 30 and although he did not say so this visit is unquestionably linked with the Halifax visit to Berlin and is further evidence in my judgment that the British are making no attempt to reach terms or understanding with Germany outside the Anglo-French entente.

I venture once again to express my belief that the progress made by the British rearmament program is the master key to British foreign policy in general and to her policy towards Germany, and Italy, in particular. Until this rearmament has reached a stage where its exigence will be an effective background for negotiations the British are not going to allow themselves to be put in any position which might lead to an impasse nor allow any tempting offers from other quarters to lure them away from their present close understandings and cooperation with France on all matters affecting the basic security of the two countries.

While the Berlin-Rome Axis has been somewhat strengthened in recent months and the tactics of Italy in the Mediterranean created a situation of danger which at one moment was acute, my belief has been strengthened that the British Government feels there is no essential solidarity in this Axis; that while it might be used to dangerous effect Italy is nevertheless nothing but the spearhead of German endeavors to put herself in a position of hegemony on the Continent. The diplomatic attack on this axis will therefore continue to be made at both its ends and, as my Foreign Office informant remarked, in his opinion "either one of those two gamesters would throw the other over completely if it should be to his advantage to do so".

JOHNSON

768.00/32

The Minister in Greece (MacVeagh) to the Secretary of State

No. 1990

ATHENS, November 30, 1937.

[Received December 29.]

SIR: I have the honor to report that yesterday, November 29th, I had an interview with the Prime Minister and Minister for Foreign Affairs, General Metaxas, during a part of which he expressed his views on the international situation at considerable length.

General Metaxas feels, he said, that the European situation has definitely improved, that there is no immediate danger of war in central Europe, and that difficulties between England and Italy in the Mediterranean have been sufficiently ironed out to warrant optimism.

English policy under Mr. Chamberlain has particularly contributed to this end, he thinks. As regards the Spanish imbroglio, he feels that whatever the eventual solution may be, there is now no longer any fear of its causing a European catastrophe.

As to his own policies, General Metaxas said Greece only wants peace. Greece is determined, he said, not to tie in with any power or group of powers in Western Europe. He made no direct mention of the Turkish President, with whom he recently conferred, but his expressions in this regard were so similar to those of Dr. Aras⁹¹ reported in Mr. Kelley's despatch No. 4192 [419] of November 15, 1937,⁹² that though the mouth was the mouth of Metaxas the words seem to be the words of Kemal. In any case they were accompanied by some very satisfied remarks as to the solidity of Greco-Turkish friendship. He said this friendship is a definite barrier to certain well-known Bulgarian ambitions, and that Bulgaria should resign itself to this fact. Bulgaria, should, he said, join the Balkan Entente. Ideas of revenge are definitely bad, and hopes of expansion at the expense of others unreasonable. Besides, he pointed out, every nation cannot expect to have a territorial outlet on the Mediterranean. Bulgaria has already several ports on the Black Sea which communicate with the Mediterranean through the Dardanelles, and Greece is willing to give her every possible commercial facility in Thrace. On the other hand, in answer to my inquiries, he could not say that he had received any indications of Bulgaria's willingness to adopt this point of view.

Finally, he said that Greece is the natural friend of any country or group which sincerely desires peace.

In connection with this conversation the Department may be interested in a rumor which is going about Athens to the effect that Greece and Turkey have agreed together to remain neutral in case of any conflict of the Western powers in the Eastern Mediterranean.

Respectfully yours,

LINCOLN MACVEAGH

741.51/253 : Telegram

*The Ambassador in France (Bullitt) to the Secretary of State*⁹³

PARIS, December 1, 1937—9 p. m.

[Received 9:37 p. m.]

1685. Delbos and Chautemps returned from London late last night. I talked with Delbos this afternoon and found him for the first time in the past year extremely satisfied with himself and full of confidence.

⁹¹ Tevfik Rüstü Aras, Turkish Minister for Foreign Affairs.

⁹² Not printed.

⁹³ In telegram No. 602, December 2, 7 p. m., the Secretary of State informed Ambassador Bullitt that he had read this telegram with interest and expressed appreciation for the information (741.62/206).

He said that agreement between Chamberlain, Eden, Chautemps and himself had been absolute on every point discussed and that this was saying a great deal since they had discussed almost all the problems of the world. There had been no fundamental rearrangements of opinion whatever, and merely minor details had required elucidation. He was enormously pleased that Chamberlain had said to him that he could speak for Great Britain as well as France on his trip which begins tomorrow to Poland, Rumania, Yugoslavia, and Czechoslovakia.

I asked Delbos if he intended to stop in Berlin on this trip and he said that his train would be at the station in Berlin for 20 minutes and he had had an intimation from the German Government that some official would meet him at the station in Berlin and have a talk with him.

Delbos said that Halifax had brought back little of a concrete nature from Germany. The Germans had talked to him vaguely and had stressed their right to colonies and their need for colonies. They had offered no concessions of any sort in order to obtain the return of their colonies. They had made it clear to Halifax, however, that they did not care whether they should receive again the colonies which had been taken from them by the Treaty of Versailles or whether France and England should arrange to give them Portuguese, Belgian, or other colonies of equal value. They had been extremely vague in any remarks about Austria and Czechoslovakia and had acted as if they felt the British should have small interest in Central Europe. They had not said categorically to Halifax that Great Britain had no business in Central Europe.

In London it had been agreed that the British and French Governments should say to the Germans that they were ready to examine the question of colonies but that it was an extremely complicated question which would require prolonged study and that it could be settled only within the framework of a general agreement which might make it possible to preserve peace in Europe. "In other words," said Delbos, "we agreed that we should both be ready to make concessions to produce peace but that we should make no concessions whatsoever of any nature which would strengthen Germany for another war. We agreed to remain for the moment completely in our present positions, making no concessions whatsoever but informing the Germans we were ready to discuss constructive proposals for the maintenance of peace."

I asked Delbos if this meant that either the French Government or the British Government or both jointly would in the near future make any specific proposals to Germany. He said that on the contrary the French and British Governments would make no proposals and that proposals would have to come if they were to come in the

immediate future from the German side. I remarked that inasmuch as the position of the Germans was that they would be glad to hear proposals but that they would have to come from the side of the French and British it seemed to me that the two parties might continue to scowl at each other for some time without speaking. He replied that this was what he anticipated although it was not excluded that the French and British Ambassadors in Berlin might be able to prepare the way for more important conversations. Events were moving so fast that there would soon be incidents of one sort or another which would necessitate conversations.

I asked Delbos if the British had promised him to support France completely in Central Europe. He said that neither France nor England would announce in advance that they would go to war in case Germany should act against Austria. On the other hand neither would announce that they would not go to war and only the event could prove what would happen. The case of Czechoslovakia was different. France was guaranteed by her treaty obligations to support Czechoslovakia at once in case of German attack. The British had declared that they were not disinterested but had made no promises.

I asked Delbos if there had been any discussion of a four power pact. He replied that there had been none whatsoever. Entirely aside from Germany there was Italy to be considered, and at the present time the Italians were behaving like lunatics. They were furious that the Germans had had talks with the British and that the British had had talks with the French. The French and the British had decided at London that they should tell Mussolini that he could get nowhere by his daily nastiness and that while they would be very glad to develop friendly relations with Italy there could be no question of having any conversations until Mussolini should stop his present daily press attacks and radio attacks against France and England.

I asked Delbos if there had been any discussion of the situation in the Far East. He replied that there had been a great deal of discussion but that the British had said that while they were quite ready to cooperate in any general movement to stop Japan they could not act individually. The French Government had taken the same position. There must be a general world action to stop Japan or Great Britain and France could not act.

Delbos said that the Spanish situation also had been discussed. The situation there was still somewhat obscure. He had excellent reasons to believe that Franco was having conversations with the Catalan Government though not with the National Government in Spain. He did not believe these conversations had progressed very

far. He thought that the reason Franco had not yet attacked was the simple one that he did not have sufficient forces at his disposal to carry through an offensive.

There was such an unwonted note of confidence in Delbos' declarations that I asked him if he had been successful in obtaining a promise from the British to accelerate the speed of their rearmament. He replied that it had been unnecessary to make this request. He and Chautemps had been astounded when they had been shown by Chamberlain and Inskip⁹⁴ the actual figures with regard to British rearmament. It was proceeding much faster than anyone realized. I said that my most recent reports indicated that the British were turning out 200 first quality planes per month. He replied that the number was considerably above 200 per month. He said that the figures on British rearmament were intensely satisfying and reassuring. This fact, coupled with the fact that every party in Great Britain from the Conservatives to the Labor Party was in complete agreement with the attitude of the British Government and was at the moment most friendly to France, enormously strengthened the French position.

In conclusion Delbos said that he had received before going to London the report that there was real disagreement between Chamberlain and Eden. He was now certain that there was no disagreement whatsoever between them. He had been told that Chamberlain desired to give Germany a free hand in Central Europe in return for a promise by Germany not to ask for colonies now in possession of the British. He had found, on the contrary, that Chamberlain was in full agreement with him and Chautemps, and Chamberlain had asked him to represent the British as well as the French on his trip through Central Europe. His repetition of this statement indicated very clearly how deeply it had pleased him and he will leave Paris tomorrow very confident, and more under British influence than ever.

BULLITT

741.62/208 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, December 3, 1937—8 p.m.
[Received December 3—7:30 p.m.]

751. Mr. Eden sent for me this morning for the purpose, he said, of giving for the information of my Government an outline of Lord Halifax's visit to Germany and the subsequent talks in London with the French Prime Minister and Foreign Secretary. Mr. Eden said at the outset that the conversations of Lord Halifax with Hitler and

⁹⁴ Sir Thomas W. H. Inskip, British Minister for the Co-ordination of Defence.

other leading German personalities were general in nature and that no concrete proposals were made on either side nor were any definite understanding[s] reached as a result of the talks. During Lord Halifax's conversations with Hitler the latter continually reiterated the German demand for colonies. Lord Halifax in return informed him that the British Government was not disposed to exclude consideration of this subject in favor of Germany but that if it were ever to be considered it must be as a part of a general settlement of European difficulties to which Germany must make an effective contribution. Herr Hitler brought this subject up more than once, always with the attitude that colonies for Germany were matter of right, that Germany had no proposals to make and was waiting for concrete and direct propositions from Great Britain. Although Lord Halifax reiterated the position of Great Britain each time the matter was brought up, at no time did Hitler give any intimation that Germany had any contribution to make or would consider making any. The other German leaders, Goering, Goebbels, *et al.*, took the same line as Hitler in emphasizing the primary importance from their point of view of a new colonial settlement to meet German views. The Germans did not lay a claim to physical restitution of the actual colonies taken from Germany after the World War but plainly suggested that if restitution did not take place, equivalent restitution was expected, the intimation being that Great Britain and France might relinquish to Germany other colonies of their own of equivalent importance to those lost by Germany, or that other powers, such as Belgium and Portugal, might supply the German demand and Great Britain and France in turn compensate them for what they lost. It was emphasized that none of the foregoing was made as concrete proposals by Germany. They were rather suggestions made with folded arms and the implied question, "Well, what are you going to do about it?["] Blomberg was the only one of the highly placed Germans who admitted to Halifax that it was not the colonial question that was of vital importance to Germany but Central Europe. In connection with Central Europe, Hitler boasted that he had his agreement with Austria and that he had every reason to believe that Czechoslovakia would make internal readjustments in favor of the Sudeten Deutsch which would be satisfactory.

During the Chautemps visit the British Government, Mr. Eden said, were unusually impressed by the reasonableness and frankness of the French Prime Minister and Foreign Secretary. The French representatives were fully informed of the conversations of Lord Halifax in Germany and the British and French reached an agreement that consideration should be seriously given to a colonial settlement in favor of Germany. This question, however, would neces-

sarily require detailed and careful study over a considerable period of time, as it was not one of which final decisions could be taken by Great Britain and France alone. The British Dominions, particularly South Africa, were concerned and also Belgium and Portugal. During their separate studies of this question the British and the French would undoubtedly exchange information confidentially through diplomatic channels and after their studies were completed if the conclusion could be reached that a definite proposal might be formulated, the British and French would make a joint approach to Germany in the matter, at the same time making it completely clear at Berlin that their only course stood on the condition that it should be a part of a general settlement of European difficulties and that Germany herself must make some effective contribution in return toward the peace of Europe, including disarmament and other agreements. It was emphasized that on this colonial matter the French and British would present a really united front.

Following the Anglo-French meeting, the British, in order to avoid a possibility that Rome might think they were endeavoring to detach Germany and to drive a wedge in the Rome-Berlin Axis, instructed the British Ambassador in Rome to approach Count Ciano and tell him that the British were quite ready to undertake conversation[s] with Italy with a view to establishing more friendly relations but that before those conversations could begin certain preliminary matters must be settled, in particular the widespread Italian anti-British propaganda throughout the Near East. In this connection the activities of the Bari Broadcasting Station were mentioned.

The British and French likewise discussed their position in the Far East and what possibilities there might be to protect their interests.

Sir Robert Vansittart, whom I saw later in the day, informed me that the subject of Russia did not enter into the discussions with the French and that there was no discussion or consideration of the Franco-Soviet pact or bilateral French commitments in Czechoslovakia or elsewhere. Sir Robert likewise informed me that he had a memorandum embodying the above information in somewhat greater detail and had recommended that it be sent to Washington for the information of my Government. He also said that if there were any further questions that my Government might like to ask in regard to these conversation[s] as now reported, he would be glad if I would come to see him again and he would try to elucidate any point that was not clear. He said that the Foreign Office had every desire to keep the United States fully informed.

JOHNSON

740.00/239 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, December 4, 1937—1 p. m.

[Received 2:10 p. m.]

1699. I asked Chautemps this morning what plans he had for following up the conversations in London. Chautemps said that he believed any immediate practical developments would be impossible due to the unwillingness of the British to make any concessions in the colonial domain to Germany.

During the conversations in London his Government had begun to approach delicately the question of whether France might be disposed to hand the Cameroons to Germany at once without any *quid pro quo*. Chamberlain had not made any direct statement on this subject but he, Chautemps, had perceived clearly what was in Chamberlain's thoughts and had therefore said at once that France could not place herself in the position of being the only country to make concessions to Germany in the colonial domain and would do so only if England was prepared to make similar concessions and if such concessions should be a part of a general settlement. He had made it clear that he did not believe in throwing the hungry tiger a large tenderloin in order to improve the condition of his stomach.

Chautemps said that his declaration had stopped all suggestions which might conceivably have come from the British, to satisfy Germany's colonial ambitions by giving her Portuguese, Belgian or French colonies. He believed that the British knew in advance that their study of the question of whether or not it was possible to hand colonies to Germany would result in the discovery that it was not possible to hand Germany any British colonies. Practical progress in the colonial domain therefore would be extraordinarily difficult.

Chautemps went on to say that Halifax had made one blunder of the first water in his conversation with Hitler. He had begun by saying to Hitler that he had not come to discuss matters in Central Europe and had accepted without protest Hitler's reply that Great Britain was indeed very little interested in what might happen in Central Europe. One of the purposes of the declaration in the communiqué with regard to Great Britain's interest in Central Europe had been to rectify this mistake of Halifax's.

I asked Chautemps if he saw any possibility of using the London conversations as the basis for an improvement in relations between France and Germany. He replied that he had been much shocked by Neurath's gesture in going to the railroad station in Berlin to see Delbos during the brief halt of the train, and also by the recent article written by Baldur von Schirach, chief of the Germany youth move-

ment, published in *Wille und Macht* in which Von Schirach said that *rapprochement* between the French and German people was a task of such imperious necessity that youth should not lose an instant in making it a reality.

Chautemps said that he felt there was a genuine desire in Germany at the present time to develop closer relations with France. It was, of course, impossible for France to rush into the arms of Germany and form over night an offensive and defensive alliance; but it might be possible to inaugurate a period of genuine search for friendship. For his part he believed that Delbos, after visiting Warsaw, Bucharest, Belgrade, and Praha, should then visit Berlin to return the courtesy that Neurath had shown in coming to the railroad station to talk with him. He did not know whether this would happen or not. It would depend on the events of Delbos' voyage.

He, Chautemps, was even ready to envisage going to Germany himself at some future date and would welcome visits to France of Neurath and other German dignitaries. He believes also that much could be done by taking seriously the article of Baldur von Schirach and by developing exchanges of young people between the two countries not by 50 at a time as in the past but by 5000.

In general, Chautemps said that he thought the wise policy with regard to Germany was the following:

To maintain as large military forces in the face of growing German military strength as it was possible to maintain.

To make no concessions except in the framework of a general settlement.

To indicate the greatest friendliness and the greatest desire to reach real reconciliation.

Chautemps went on to say that both he and Chamberlain believed that the Germans were entirely right in their view that article XVI should be eliminated from the Covenant of the League of Nations. He scarcely dared say this above his breath because Delbos did not agree with him; and Herriot and Paul-Boncour⁹⁵ who were two of his closest political associates were still quite unaware that their god had died. They were on their knees in front of the altar of the League from which the deity had long since been removed. It was absurd to have in the Covenant of the League of Nations articles providing for military sanctions when every time there was a demand to have sanctions applied, the French and the British looked around the room and saw that they were the only people there who had arms in their hands and all the others merely had papers on which were written pious thoughts.

⁹⁵ Joseph Paul-Boncour, French permanent delegate to the League of Nations.

The three greatest armies in the world, aside from the French Army, were the German, the Italian, and the Japanese, and the French certainly could not undertake to send their soldiers to protect with their bodies the interests of countries all over the world against the will of those who controlled the German, Italian, and Japanese armies. Faced with any situation today, whether in China or Ethiopia or elsewhere, it was always England and France who were asked to carry the burden. The United States sits happily on the outside and every other nation in the world sighs with hands folded.

Chautemps said he would also say something else to me which was highly indiscreet. So far as he was concerned he looked with considerable equanimity on the possibility that Germany might annex Austria because he believed that this would produce an immediate reaction of Italy against Germany. Czechoslovakia was a different matter. The French could not permit Germany to overrun an ally.

I replied that I was not at all sure that a German attack on Austria would result at once in bad relations between Italy and Germany; but that I thought that the only basis for a stable independence of Austria must be a close entente between France and Italy. Chautemps then said, "I agree but what do you think of the latest lunacies of that blank Mussolini?" I told him that I had no rational explanation; and he replied that he could see no basis at the moment for any *rapprochement* with Italy.

Chautemps went on to say that he feared also that the Germans might demand the abandonment by France of the Franco-Soviet treaty of mutual assistance as a *sine qua non* for real *rapprochement*, although the Germans seemed recently to be somewhat less excited about Bolshevism and the Soviet Union. He would be quite ready to give the Germans all the assurances possible that France would never make a military alliance with the Soviet Union directed against Germany or indulge in military conversations with the Soviet Union and he would tell them frankly his own highly unfavorable opinion of the Soviet Union and Bolshevism but he could not formally abandon the treaty of mutual assistance with the Soviet Union.

Chautemps in conclusion said that he wished therefore to employ the period during which the British were studying the colonial question to improve as much as possible the atmosphere of relations between France and Germany, in the hope that when the Germans should become convinced that they could not obtain by force what they want they might be ready to agree to have peace on the basis of such real concessions as the French and British might be ready to make to them. The concession would be real.

751.60C/111 : Telegram

The Ambassador in Poland (Biddle) to the Secretary of State

WARSAW, December 8, 1937—1 p. m.

[Received 6:17 p. m.]

143. Delbos visit.

1. Whereas Polish Government previously regarded Delbos' announced Warsaw visit as little more than perfunctory, subsequently in view of cold-blooded Anglo-German and Anglo-French conversations as well as Neurath's half-hour Berlin station talk with Delbos while en route to Warsaw, Polish Government attached utmost importance to Delbos visit. Polish Ambassador to France Lukasiewicz who was here during conference informed me that in his opinion conversations proved far more satisfactory than he had expected.

2. Polish Government having maintained close contact with what transpired during aforementioned London and Berlin conversations had meanwhile fully considered topics discussed especially those directly affecting Poland's own interests.

3. I am confidentially informed both by Foreign Office and by members of Delbos' official party that Beck-Delbos conversations were characterized by mutual confidence and good feeling. Both extended apparent efforts to strengthen Polish-French friendly relations. In fact, in contrast with former Beck-Barthou conversations Delbos visit had served to strengthen Polish-French relations.

4. Colonel Beck previously aware of France's insistence on collective security pacts had gained impression France was annoyed over Poland's advocacy of bilateral agreements during Warsaw Beck-Delbos conversations. However, Delbos revealed that France believed in her friendship with Poland despite Polish bilateral advocacy and Delbos took occasion to assure Beck that latter views did not diminish the value of the Polish-French alliance. This meant a clarification of that hitherto controversial point. Hence Colonel Beck now inclined to feel even France shows signs of chills in former convictions regarding collective doctrine and that under Great Britain's influence France is gradually coming to understand importance of bilateral pacts.

5. Delbos explicitly assured Beck that if a four-power pact emerged embodying only the mutual relations of the signatory powers, France would not only keep Poland informed thereon but also France would see that the Polish-French alliance would not be allowed to diminish in value through such a pact. Moreover Delbos assured Beck that should the proposed pact embody interests of a broader European nature Delbos would bring Poland in.

6. In touching on Czechoslovakia in general terms Delbos assured Beck that if Poland insisted on settling existing Polish-Czech differ-

ences directly and alone France would not insist on mediating and pointed out that he considered good Polish-Czech relations an absolute condition to European peace. Delbos moreover remarked to Soviet Chargé d'Affaires that he dreaded his forthcoming mission to Praha for in representing both France and Great Britain he had to ask Czechoslovak Government to consider granting Sudeten Deutsch autonomous administration providing Germany eventually guaranteed among other things Czech territorial integrity.

7. In view of impression gained here during Anglo-German and Anglo-French conversations of Britain's and Germany's disposition to drop the Soviet from considerations working towards a western pact, Minister Beck inquired as to Britain's attitude regarding the Franco-Soviet pact whereupon Delbos stated Britain not only tolerated but also appreciated the Franco-Soviet pact as a useful element in the pacification of Europe. Delbos added that denunciation of this pact now would only mean an unnecessary Franco-Soviet quarrel.

8. Regarding Austria Delbos remarked to Soviet Chargé that France was seriously concerned over potential outcome of Britain's indication to Germany that she would consider standing aside under certain conditions in the event Austria elected to turn to Germany culturally and otherwise. France did not like this. Soviet Chargé in reciting foregoing conversation significantly and confidentially remarked that France's attitude as regards Austrian question made no difference because in final analysis France had to follow Britain's lead. Delbos moreover told Czech Minister Germany was prepared to recognize integrity of Austria's boundaries but would not combat Austria's desire to elect to turn to Germany culturally or otherwise.

9. Following additional disclosures of important relative bearing are: regarding Polish-Soviet relations, Delbos in conversation with Soviet Chargé underlined fact that Beck had told him Poland's relations with Soviet were normal but that Poland feared machinations of Third Internationale. Moreover Delbos emphatically pointed out that if Third Internationale "laid off" Poland, Poland's attitude towards Soviet might be expected to improve substantially.

10. I find that both British and French Ambassadors here now share my belief in Beck's sincerity in denying that Poland intends joining anti-Communist pact.

11. In discussing colonial question Beck emphasized Poland's interest therein was prompted by Poland's raw material requirements and her search for a solution of overpopulation stressing its application to the problem in general and not confined to Jewish surplus. Beck added that Poland therefore would want to sit in on any possible future discussions of colonial distribution which might take place in the event of emergence of an international concert. Delbos subse-

quently stated his opinion that in view of Poland's overpopulation problem and Poland's important position in Europe, Poland's desires in this respect were moderate and justified.

12. Delbos left Warsaw December 6 for Krakow when he departed for Bucharest afternoon December 7. I shall cable any new developments after my conversation with Minister Beck upon his return from Krakow where he accompanied Delbos.

BIDDLE

741.51/256

The Chargé in the United Kingdom (Johnson) to the Secretary of State

No. 3649

LONDON, December 8, 1937.

[Received December 22.]

SIR: I have the honor to refer to telegram No. 751 of December 3, 8 p. m., conveying the accounts which the Foreign Secretary and the Permanent Under-Secretary gave me of Lord Halifax's discussions in Germany and the subsequent related conversations in London with Messieurs Chautemps and Delbos. In transcribing below the communiqué which was issued after the final meeting between the British and French Ministers, I venture to point out that both Mr. Eden and Sir Robert Vansittart indicated that their remarks should be read in connection with this exceptionally full and frank public statement:

"M. Chautemps and M. Delbos had a number of conversations with the Prime Minister, the Secretary of State for Foreign Affairs and other British Ministers during their stay in London on 29th and 30th November.

The French Ministers heard from Lord Halifax himself a statement on his recent conversations in Germany. They were glad to recognise that while Lord Halifax's visit, being of a private and unofficial character, was not expected to lead to any immediate results, it had helped to remove causes of international misunderstanding and was well calculated to improve the atmosphere.

The problems of Europe as a whole and the future prospects of appeasement and disarmament came under review. On these important subjects the French and British Ministers found fresh evidence of that community of attitude and outlook which so happily characterises the relations between France and the United Kingdom.

A preliminary examination was made of the colonial question in all its aspects. It was recognised that this question was not one that could be considered in isolation, and moreover would involve a number of other countries. It was agreed that the subject would require much more extended study.

The French Ministers in their turn spoke of the forthcoming visit of M. Delbos to certain countries in Central and Eastern Europe. They were happy to note the common interest of the two Governments in the maintenance of peaceful conditions in those parts of Europe.

The situation arising out of the Spanish conflict and Mediterranean questions generally came under review. It was agreed that despite all difficulties the policy of non-intervention in Spain had been fully justified and had contributed materially to diminish the international repercussions of the conflict. It was resolved to continue to pursue the efforts of the two Governments in this direction in order to give full effect to this policy.

The French and British Ministers examined the Far Eastern situation, the gravity of which they fully recognised. They were agreed as to their readiness to co-operate, with other Powers similarly placed, to protect the rights and interests and to meet the obligations arising from international treaties relating to that part of the world.

The French and British Ministers went on to review in a spirit of mutual confidence the other aspects of international affairs of common interest to the two countries. While in no way departing from their previously expressed conception of international collaboration, they reaffirmed the desire of their Governments to co-operate with all countries in the common task of promoting international appeasement by the methods of free and peaceful negotiation."

The above communiqué was read to the House of Commons by the Prime Minister and in answer to a question by the Leader of the Opposition, Mr. Chamberlain stated that "the ultimate hope we have in view is what he has described as a general settlement. It is quite obvious that no general settlement can be arrived at merely by conversations between two or three countries, and, therefore, we must ultimately contemplate that other countries will be brought into these conversations. At the same time, I must make it clear that I do not think we have got as far as the advisability of an immediate extension of the conversations, although that may come at a later stage."

In telegram No. 741, November 29, 4 p. m.,⁹⁶ there was set forth the comment of the London Press on the communiqué in particular and the conversations in general. Furthermore, as mentioned in my No. 751 of December 3, 8 p. m., the Foreign Secretary stated that he intended to send to the British Embassy in Washington for communication to the Department of State in memorandum form a detailed account of these discussions. Nevertheless, I venture to call attention to one aspect of these talks which has not previously been touched upon.

Less than three years ago—in February 1935—another French Premier and Foreign Secretary came to London on a similar mission. The communiqué issued at the close of the visit of Messieurs Flandin and Laval, if compared with that issued last week, clearly shows how far European diplomacy has been forced off the course which Great Britain and France had so hopefully set for it three years ago.

Details regarding the communiqué of February 3, 1935 can be ob-

⁹⁶ Not printed.

tained from the Embassy's despatches No. 1200 of February 5, 1935⁹⁷ and No. 1218 of February 12, 1935,⁹⁸ but it is perhaps only necessary to recall that the first joint communiqué warned Germany that no rearmament by unilateral action in contravention of the Peace Treaties could be permitted, and in the following month Germany publicly embraced universal military service, announced the creation of an army of thirty-six divisions, and thus repudiated Part V of the Treaty of Versailles. That communiqué also gave its blessing to the Franco-Italian Agreements then just concluded in Rome—today the Rome-Berlin axis is not only a vital factor in European power diplomacy, but its progeny, the Anti-Comintern Pact, is assuming increased importance as an instrument of policy. It also made much of an air pact and even of replacing Part V of the Treaty of Versailles by a general arms agreement—while the communiqué of today vaguely mentions disarmament as a possible objective. Likewise, there was an insistence then on the necessity of an Eastern Pact; however, in today's document it is not found expedient to mention such a pact by name. Furthermore, Great Britain and France at that time maintained in confident tones that Germany's return to the League was a condition precedent to the concluding of the projected general settlement; today the League is not even mentioned as having any bearing on immediate plans for a similar attempted settlement. Lastly and by no means least in significance is the fact that in the former communiqué no mention was made of colonies, while in the latter "the colonial question in all its aspects" occupies a key position, as indeed it should, for it has become the most controversial single factor in present Anglo-German relations and constituted the *leitmotiv* of the German case as represented to Lord Halifax.

Perhaps the manner in which during these thirty-four months the focal points of European diplomacy and power have been shifting can be briefly but vividly illustrated by listing below pertinent incidents in the history of that period:

Institution by Germany of universal military service and announcement of an Army of 36 divisions (Repudiation of Part V of the Treaty of Versailles)	March, 1935
"Stresa Front" Conference	April, 1935
Condemnation of Germany by the League	April, 1935
Anglo-German Naval Agreement	June, 1935
Sir Samuel Hoare's Sanctionist Speech	September, 1935
Opening of Italo-Abyssinian War	October, 1935
Sanctions against Italy invoked	October, 1935
Hoare-Laval Plan	December, 1935

⁹⁷ Not printed.

⁹⁸ Not printed, but see enclosure to this despatch, memorandum by the Chargé in the United Kingdom, February 5, 1935, *Foreign Relations*, 1935, vol. I, p. 188.

Resignation of Sir Samuel Hoare	December, 1935
Period of tension in the Mediterranean	Winter, 1935-36
Re-occupation by Germany of Rhineland in violation of Treaty of Locarno (Repudiation of Articles 42 and 43 of Versailles Treaty)	March, 1936
Anglo-French staff talks	April, 1936
Abortive negotiations for new Locarno Pact terminating in unanswered British questionnaire	May, 1936
Sanctions against Italy lifted	July, 1936
Spanish War begins	July, 1936
Spanish Non-Intervention Committee organized	August, 1936
Rome-Berlin Axis called into being	October, 1936
Anti-Comintern Pact between Germany and Japan	November, 1936
Franco recognized by Germany and Italy	November, 1936
Germany seizes control of the rivers	November, 1936
Germany withdraws signature from Treaty of Versailles and declares Treaty ended	January, 1937
Anglo-Italian <i>rapprochement</i> attempted	January, 1937
Tension arising out of Spanish War mounts as incidents increase	
Von Neurath's visit to London cancelled by Germany	June, 1937
Outbreak of Sino-Japanese conflict	July, 1937
Nyon Conference	September, 1937
Anti-Comintern Pact extended to Italy	November, 1937

This rough chronology of events of the last three years, while showing the unmistakable trend, does not, however, adequately reflect the principal cause of these happenings, namely, the extraordinary growth in the military power and prestige of Germany, which, despite the much vaunted British rearmament program, continues to gain in relative strength. Great Britain and France, who spoke so confidently in February 1935, have been forced continuously to yield ground to an extent which seems incredible in the light of the communiqué of that year—and, incidentally, there is no sure sign that this process has yet terminated and that the communiqué of 1937 will not in due course become correspondingly obsolete.

Yours respectfully,

HERSCHEL V. JOHNSON

500.C001/1291 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, December 10, 1937—4 p. m.

[Received December 10—2 p. m.]

373. Rome Embassy's 507, December 9, 6 p. m.⁹⁹ In a conversation with a prominent member of the League Secretariat this morning he

⁹⁹ Not printed.

stated that while official confirmation was lacking reports respecting Italian withdrawal from the League were probably well founded. In his opinion this move would have no immediate effect upon the League as such since it would merely mean a juridical confirmation of present Italian lack of participation in League activities. He felt, however, that Italian withdrawal was subject of greatest importance in the broader field of world politics and would have extensive effects in the long run.

He felt it too soon to appraise the international effect of the Italian action but thought that the attitude of France and Great Britain will largely determine the extent of the consequences. He was apprehensive that this action might be followed by a renewal of Italian intervention in Spain at a time when France about reached the limits of concessions she could make in the Spanish affair. He was also concerned with the effect this action might have upon the policy of the small states members of the League and referred in particular to what he described as strong German-Italian influence in South America. He believed that there would be no hope of a political settlement in Europe until the great powers, particularly Great Britain and France, made a show of strength, vis-à-vis Italy, Germany and Japan and that the longer matters were permitted to drift the more difficult it would be to check the present movement of disintegration both as regards the League and the general world situation.

As to the reason for Italian withdrawal at this time he suggested that this might have resulted from German pressure in view of his belief that German aspirations as expressed to Lord Halifax had not been warmly received in London and Paris. Furthermore, this action definitely implements and emphasizes the German-Italian-Japanese Axis.

BUCKNELL

740.00/241½

Memorandum by the Under Secretary of State (Welles)

[WASHINGTON,] December 15, 1937.

The British Ambassador called to see me this morning. He gave me first of all a secret memorandum¹ which his Government had asked him to transmit to us which memorandum covers the essential portions of the statements made by Lord Halifax to the French Prime Minister and the French Foreign Minister upon the occasion of the visit of the last two to London a week ago. I thanked the Ambassador for the confidential information so conveyed which I assured him would be of very great interest to us here.

¹ *Infra.*

740.00/241½

*The British Embassy to the Department of State*²STATEMENT BY LORD HALIFAX AT THE MEETING WITH THE FRENCH
MINISTERS IN LONDON ON NOVEMBER 29TH, 1937

LORD HALIFAX said that he would do his best to speak frankly and to discuss his visit in complete confidence.

He proposed first to treat the various topics that arose during his conversation, and then to add his own personal impressions.

The matters discussed fall naturally into three groups:—

- (1) Central and Eastern Europe.
- (2) German attitude to the League of Nations and Disarmament.
- (3) The Colonial Question.

To some extent these questions were interconnected, but he would try to deal with them separately. He would begin with Central Europe.

CENTRAL EUROPE

As regards this, the line he took with Herr Hitler was to say that the attitude of His Majesty's Government was not to stand rigidly in all circumstances on the *status quo*. No reasonable man could expect the world to remain for ever in the same condition. But His Majesty's Government and other Governments were concerned to see that if adjustments were made, the form and means of those adjustments should not be such as to involve ugly consequences for Europe and the world.

To this argument Herr Hitler had replied that, as regards Austria, Germany had the agreement of the 11th July, which she had observed and intended to observe.

As regards Czechoslovakia, Herr Hitler made two statements or rather one statement which appeared in different forms in Lord Halifax's own notes and in the notes supplied to him afterwards by the interpreter. The notes supplied to him by the interpreter had been built up on the notes he had jotted down during the interview; they were not official, but had been seen by Baron von Neurath before they were sent to him.

According to Lord Halifax's own notes, Herr Hitler said that, as regards Czechoslovakia, he hoped that the reasonable elements in that country would make it possible for the Sudetendeutschen to enjoy a status which would safeguard their position. According to the interpreter's notes, Herr Hitler said that Czechoslovakia was herself in a position to clear away existing difficulties. She only needed to

² Handed to the Under Secretary of State by the British Ambassador on December 15, 1937.

treat the Germans living within her borders well and they would be entirely happy. Germany herself set great store by good relations with all her neighbours.

While discussing these things, Herr Hitler said that it was desirable to get away from the atmosphere of "imminent catastrophe". If one believed what one read in the newspapers, one might expect to find German forces in Vienna or Prague next week. In the same way, 20,000 Germans had been reported as having landed in Morocco, when, in fact, there were none. Herr Hitler emphasised that he did not consider Europe to be in a politically dangerous state.

During his conversation with General Göring, the general said that he thought that it should be recognised that Germany was entitled to have special spheres of influence in Europe; and that it would be unreasonable for France and Great Britain to block any agreements Germany might reach with her neighbours. To this Lord Halifax replied that, so far as His Majesty's Government were concerned, and he imagined the same was true of France, there was no intention to block agreements freely reached, but that we were concerned that matters should not be so handled as to involve dangerous and far-reaching consequences.

During the conversation with Field-Marshal von Blomberg, the latter stated that the vital questions for Germany, with her expanding population and situated as she was in the middle of Europe, were those which concerned Central and Eastern Europe. Just as France had her position in Western Europe and the Mediterranean, so Germany was entitled to a similar position in Central Europe.

That, apart from Lord Halifax's own impressions, was all he had to report as regards Austria and Czechoslovakia. Danzig and Memel were not seriously discussed.

LEAGUE OF NATIONS

As regards the League of Nations, Herr Hitler said that there was no question of Germany's return in present circumstances. This was not a question to which a reply could be given at present. In any event, Germany would never return to a League constituted and functioning as at present.

It was evident to Lord Halifax that the League appeared to Herr Hitler as an instrument for the preservation of the *status quo*. It was also, in Herr Hitler's eyes, unreal for the representatives of great and small States to sit side by side and to give the appearance of being free and equal.

DISARMAMENT

As regards disarmament, Herr Hitler said with some bitterness that every offer he had made had been refused, and that constant oppor-

tunities of progress had been missed. He was regarded as the black sheep of Europe. No offer that he made was ever treated on its merits.

To this Lord Halifax replied that the German offers had not been rejected because of the hostile influence of political parties or newspapers as Herr Hitler had suggested; but because Herr Hitler, for reasons which had seemed good to him, but which Lord Halifax would not now discuss, had violated a number of treaty engagements. It was this that made other Governments look jealously at anything that Germany proposed.

According to the record by the German interpreter, Herr Hitler (though Lord Halifax had missed this in his own record made before he had seen the record of the German interpreter) stated that he still thought it desirable to abolish bombing aeroplanes.

On the general question of disarmament, Herr Hitler asked who was to bring the question forward and how, confessing that he himself did not know.

COLONIES

As regards colonies, the general line taken by the Chancellor was one with which we were familiar, namely, that it was unreasonable that Germany should be thought unworthy to have colonies; that a good many other countries had a good many colonies, and why not Germany also?

The Chancellor said that the colonial question was the only direct issue between Great Britain and Germany. He hoped that His Majesty's Government would be able, in consultation with the French Government, to propose a solution of the matter. If the question was settled, well and good; he would be much pleased, and this would help the relations between the United Kingdom and Germany. If the question were not settled, he would note it and regret it.

The Chancellor added—and this was as near as he got to a definition of what he had in his own mind—that if there were any colony which, for strategic reasons, we did not wish to give up, we might propose some other territory in compensation. He made it clear that he did not want any colony which would be a source of strategic trouble; nor a colony in the Sahara, nor in the Mediterranean (that would be dangerous), nor in the Far East (where the guns were already going off).

What General Göring said about colonies was that this was the chief issue between Great Britain and Germany; but he recognised that so far as Great Britain was concerned, the only colonies in question were Tanganyika and the British parts of Togoland and the Cameroons, and that there were special difficulties about Tanganyika. Nevertheless, he thought the problem could be solved without great difficulty.

Lord Halifax's general conclusion from these conversations was that, in the German view, it was now for Great Britain and France to propose a solution of the colonial question if they wanted one.

M. DELBOS asked whether the conversations proceeded on the assumption that France and Great Britain should make proposals only on the basis of the German demand, or whether they should be made on the basis of more general considerations.

LORD HALIFAX said that the question, as put from the German side, seemed to be that France and Great Britain ought to make a contribution towards meeting Germany's just claims. Lord Halifax had replied that he could only speak for His Majesty's Government, but so far as His Majesty's Government were concerned, it would be impossible for this or any other Government to deal with the colonial question in isolation. If there were to be any solution, it could only be as part of a general settlement, based on contributions from everyone concerned in the interest of European appeasement.

MR. CHAMBERLAIN thought it would be true to say, with reference to M. Delbos' question, that Germany thought that all her former African Colonies should be restored; but that if there were difficulties about any particular colony, she was ready to consider territorial compensation elsewhere.

LORD HALIFAX agreed.

M. DELBOS asked whether, apart from the question of a general settlement, Lord Halifax had the impression that Germany looked at the colonial question in its territorial aspect only, and set aside all alternative suggestions such, for example, as economic concessions or chartered companies.

LORD HALIFAX said he would come to that when he reported on his conversations with Dr. Schacht.

He thought it true to say that both Herr Hitler and General Göring contemplated a definitive return of territories, either the original territories themselves or other territories in substitution.

Lord Halifax was not sure what Dr. Schacht now represented, but he spoke frankly and irresponsibly—no doubt on the strength of his imminent departure from his post.

Dr. Schacht said that Germany did not want the Oceanic Islands or South-West Africa or Samoa. She recognised that there were special difficulties about Tanganyika. There remained the West Coast of Africa. He thought the Cameroons and Togoland could and should be returned to Germany; and that, in addition to that, Germany should receive a block made up of parts of Belgian Congo and Angola, under something like a mandate.

Lord Halifax asked Dr. Schacht what he supposed Belgium and Portugal would think about this. Dr. Schacht replied that, as a con-

tribution to world appeasement, they might be persuaded of its wisdom, and that Great Britain might perhaps consider compensating Portugal on the east coast from Tanganyika.

M. CHAUTEUPS asked whether, in drawing this new map of Africa, Dr. Schacht included the French Congo in his references to the Congo.

LORD HALIFAX said he referred only to Belgian and Portuguese territories. If the French contributed Togoland and the Cameroons, that would be sufficient.

Dr. Schacht had also suggested whether, as M. Delbos had remarked, some international chartered company might be formed.

Dr. Schacht thought the United States might join in, and Germany might have 51 per cent of the interests. This would make it easier for Portugal and for those who spoke for native interests. In that event Herr Hitler might be willing to give guarantees about black armies and the like.

PERSONAL IMPRESSIONS

LORD HALIFAX said he would give his personal impressions, subject to the observation that he had been in Germany only three days; that he was not a trained diplomat, and might, in consequence, have been deceived; and that the Germans might have meant something different from what they said, or might have changed their minds.

The main impression left with him was that the Germans intended to press their colonial claim, but that they would not press it to the point of war. Unless that claim could be met in some form, it would be impossible to improve relations in such a way as to make an advance towards the object which we all had in view. The question we had to ask ourselves, therefore, was whether it was possible to use this problem as a lever for getting some of the things both the French and British Governments wanted, such, for example, as a contribution by Germany toward European peace. Putting it at the lowest, unless this demand could be met, Germany would probably maintain and extend her nuisance value to us everywhere in the world.

His broad impression was that Germany was extremely anxious for friendly relations with us. The Germans to whom he had spoken were also anxious to convince him that Germany had no direct cause of difficulty with France.

Lord Halifax had said, and Herr Hitler had assented, that His Majesty's Government had no more desire to divide Berlin from Rome than he presumed and hoped the German Government had to divide London from Paris.

At the same time, while he desired to be friendly with us, the Chancellor was not prepared to run after us, and was conscious of his own strength. He was not bent on early adventures, partly because

these might be unprofitable, and partly because he was busy building up Germany internally.

As he had said before, Herr Hitler had remarked that he did not think Europe was face to face with imminent catastrophe. In the same way, General Göring had assured him that not one drop of German blood would be shed in Europe unless Germany was absolutely forced to it.

The Germans gave him the impression of being convinced that time was on their side and of intending to achieve their aims in orderly fashion. They were likely, he thought, to persist in any action which might further the achievement of the desired adjustments in comparatively orderly fashion, but not to take any action in any manner that would give other Governments cause to oppose or intervene.

Lord Halifax had suggested at the end of the conversation that His Majesty's Government would welcome a visit from German representatives to discuss all these matters in greater detail. Herr Hitler replied that he did not think conferences were useful unless success was assured. If Baron von Neurath were to come to London now, every German would believe he had been sent to discuss colonies. If he came back without a colony, the situation would be more difficult than before. Herr Hitler hoped, therefore, that the matter could be pursued through the diplomatic channel, and he looked forward to direct discussions later, in which France and Italy would be associated.

M. CHAUTEUPS thanked Lord Halifax for his interesting statement. He would ask one question. He had noted the important statement made by Herr Hitler about Czechoslovakia, though he had also noted that the sense of von Blomberg's remarks on the same subject had been somewhat different. Did Lord Halifax think that Herr Hitler's reassuring words about Czechoslovakia represented German policy, not only at present but as it would be in the future?

LORD HALIFAX said that he was not in any better position to answer that question than anyone else. He had been surprised at the moderation of Herr Hitler's remarks on this point. He could only suppose that the degree of permanence would in part depend on Germany's general international position and on the influence which we might exercise on the later development of German policy.

M. CHAUTEUPS also wished to ask whether any connexion had been established during Lord Halifax's visit between the colonial question and the Central European question. Was the suggestion that Germany should be given satisfaction in the colonial sphere, in the hope that in other spheres there might be appeasement later; or was it suggested that, in return for satisfaction in the colonial sphere, Germany should give assurances as regards other questions here and now?

LORD HALIFAX replied that, as he had said, Herr Hitler's view was that the colonial question was the only direct issue between Germany and Great Britain. He himself had repeated on other occasions that we could only consider the colonial question as part of a wider set of problems. At the end of the conversation, Herr Hitler had seemed to have in mind some further examination of all these problems through the diplomatic channel, but that it was useless to pursue these matters unless we came forward with concrete proposals on the colonial issue. The connexion between the two problems therefore lay in our hands and would depend on how we handled matters if we got as far as having further conversations.

500.C001/1310

The Consul at Geneva (Bucknell) to the Secretary of State

No. 115 Political

GENEVA, December 18, 1937.

[Received December 30.]

SIR: With reference to the Consulate's telegram No. 373, December 10, 4 p. m. concerning the Italian withdrawal from the League, it is thought that the following observations may be of interest, especially as regards the broader international aspects of the situation created by the recent Italian action.

Most observers in Geneva are inclined to the view that Italy in formally severing relations with the League did so in understanding with Germany. It is said that during the past year, although Italy had completely withdrawn from any participation in League activities, Mussolini had refrained from formally leaving the League because of the fear that if he took this step a settlement might be arranged with Germany as a result of which Germany would rejoin the League, leaving Italy isolated. The present Italian action, however, was followed promptly by a German declaration that Germany would never return to the League.

The conclusion drawn here from this is that Italy's fears of possible isolation in case she withdrew from the League were allayed by advanced assurances from Germany. This in turn is linked with the failure of Germany to obtain satisfaction during the Halifax conversations. It is not lost sight of that Italian action, although perhaps precipitated by German pressure, was doubtless facilitated by the situation in the Far East, and by at least the moral support of Japan as evidenced by the adhesion of Japan to the three-power anti-Communist pact. It is interesting to note in this connection that any "acute" situation in the Far East seems to be followed by an Italian

or German diversion in Europe and tension in Europe seems to provoke a corresponding move of Japan in the Far East.

In this connection I was told by a responsible member of the League Secretariat that in conversations with Lord Halifax and with Delbos, German officials had adopted a very stiff attitude, insisting upon colonies and other advantages as a moral right but at the same time refusing to discuss any guarantees for a general European settlement such as a German return to the League or some general system of disarmament, an attitude which presented an almost insoluble impasse.

Since the return of Germany to the League within the framework of a general European settlement has been the cardinal objective of British policy, the German declaration following upon Italy's withdrawal, if it is found that it must be accepted at its face value, would seem to indicate for Great Britain the necessity of effecting a profound change in the orientation of her policy. This declaration is considered as tantamount to an ultimatum that the British and French must negotiate directly with Germany to the entire exclusion of the League, and is at least indirectly a further step in efforts to exclude Russia from the councils of Europe.

It is feared in Geneva that the next step for the Berlin-Rome-Tokyo axis may be to bring pressure upon small Member States such as Austria, Hungary and perhaps Poland to persuade them to follow the Italian move with a view to setting up a group of states which would form an entente in open opposition to the remaining League states and to the whole ideology of the League. Should this be successful, Switzerland, the Scandinavian countries and other small Member States might be placed in a position of being forced for their own security either to safeguard their neutral status not only as regards the punitive economic and military features of the Covenant of the League, but also to refuse to take any part in League action capable of arousing outside resentment and finally even withdrawing therefrom altogether, thus so seriously weakening the League that the whole structure would either collapse or become completely ineffective. In such a situation observers feel that there are actually only a few possible alternatives and that the choice of these alternatives by the great League powers such as Great Britain, France and perhaps even Russia will determine the future direction of European events.

Of these alternatives one would seem to be that the great League powers may be forced to adopt such a strong attitude with regard to the anti-League group and an increasing show of strength and determination toward world affairs generally that either a reasonable

settlement can be gradually arrived at, or that there will be a war within the relatively near future. It is felt here that if a sufficiently firm attitude should be adopted by the great powers and by the small states still remaining faithful to the League, a reasonable European settlement would be probable and that war might be avoided.

It is recognized, however, that there is a danger that Italy, in dread of England, may attempt to precipitate a conflict before the completion of British rearmament in order to forestall a possible change in the international situation which would be less favorable to her in respect of support from Germany and Japan. An analogy is sometimes drawn between the present relation of Italy to Germany and the relation of Austria to Germany in 1914.

A second alternative would be to buy off Germany in the hope that once satisfied, Hitler would abandon his Italian allies, whom the average German after all regards with considerable distrust. The difficulty here would seem to be that up to the present Hitler has apparently shown no disposition to give anything toward a cooperative settlement, and it is felt that satisfaction to Germany in the absence of reciprocal guarantees would result only in the strengthening of the anti-League States with the probability that some of the present small Member States would be forced to join the Berlin-Rome-Tokyo axis.

A third alternative would seem to be that Great Britain and France would, in the hope of a turn in events, continue the present policy of drift and indecision coupled with a probable closer orientation of Great Britain and France to Russia together with efforts in various directions to hold together as many of the small Member States as possible and with renewed and greater activity toward rearmament. Such a policy of drift would probably mean that France and Great Britain would do everything possible to prevent any League discussion of questions which would arouse the resentment of Italy and Germany and thus embarrass smaller Member States, and a definite "playing down" of League activity in political matters generally. This attitude, it is felt, would lead in the end to only one result—war—and that probably within a relatively short time.

Of these alternatives, the first would seem to have the best chance of success, but pessimists in Geneva feel that with the present British Government in power, with France in her present attitude of indecision, and with Russia torn with internal dissension, the last alternative will be the one adopted, unless Hitler can somehow be persuaded to adopt a more conciliatory point of view.

Respectfully yours,

HOWARD BUCKNELL, JR.

740.00/250 : Telegram

The Minister in Czechoslovakia (Carr) to the Secretary of State

PRAHA, December 23, 1937—4 p. m.

[Received 5:12 p. m.]

76. President Beneš assured me today that in his opinion the situation in Europe has definitely improved; that Spain is being liquidated; that designs of the dictators have been unsuccessful; that Germany is in no condition to go to war for at least 3 years and that meanwhile the way is open for negotiation in 1938. He is well pleased with the visit of Delbos and has informed him as well as German Minister that he is ready to negotiate with Germany at any time for a bilateral or collective pact but only on condition that France and Great Britain also negotiate with Germany concurrently. He will not disregard his obligations to them and feels that resistance of Czechoslovakia to Germany as contrasted with the weaker attitude of Poland and Yugoslavia has been of material value to the democracies. He thinks, however, Poland and Yugoslavia although unable publicly to state their position are actually loyal to France especially since development of solidarity between France and England. He has informed Delbos and German Minister that the treatment of minorities in Czechoslovakia is an internal question which he will not discuss with other governments. He claims minorities receive much better treatment in Czechoslovakia than in any other European state and that Germany's only reason for attacking Czechoslovakia's minority policy and not that of Poland, for example, is that she wanted to turn over Czechoslovakia into desertion of France and isolate her from Western Europe. He thinks the Sudetendeutsche Party is disintegrating and will disappear in a few years. Henlein has already determined to revise his former attitude and seek election as deputy. Only in that capacity will the President deal directly with him. The question of German-Czech press relations is now in process of negotiation. The foregoing statements are in substantial accord with those made to me by German Minister on Monday.

CARR

741.65/437 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, December 23, 1937—5 p. m.

[Received December 23—3:43 p. m.]

531. My telegram No. 500, December 3, 6 p. m.³ My British colleague is pessimistic about present prospects of improving relations between Italy and Great Britain. He told me yesterday that early

³ Not printed.

this month Eden had sent for Grandi and expressed the hope that Ciano would call in Lord Perth ⁴ for the purpose of opening the long delayed conversations between the two Governments. Furthermore, Perth had received full instructions from Eden with regard to the proposals he would be authorized to present. However, Ciano had not sent for him and had made no mention to him of Eden's request to Grandi. This is a source of keen disappointment to Perth. He reminded me that there was of course a divergence of views with regard to procedure in the event of such conversations. Italy demanded recognition of Ethiopian Empire as a preliminary. The British Government was willing to grant recognition but only as part of a general settlement and insisted as a preliminary condition that there be a cessation of hostile propaganda and among the Arabs in particular. It is evident he said that the Italian Government is trying to compel the British Government to recognize the empire by creating as many difficulties as possible for Great Britain. This he added is well understood in London and the British Government has no intention of acceding under pressure.

PHILLIPS

740.00/251 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

[Extracts]

PARIS, December 23, 1937—9 p.m.

[Received December 23—8 : 58 p.m.]

1771. I had brief conversations today with Delbos and Chautemps. Both expressed themselves as pleased by the results of Delbos' trip but added little to the information already conveyed to the Department in my No. 1737, December 16, 11 a.m.⁵

Delbos said that he had stated to Neurath that France would be glad to enter into conversations immediately for the "humanization of warfare," notably the elimination of bombing. Neurath had said that in principle the German Government also favored this. There had been no further conversations on this subject.

Delbos stated that his conversations in Poland had been most satisfactory from the point of view of the Franco-Polish alliance. There was now the fullest and most cordial cooperation between the French and Polish general staffs. He hoped that he has been able to do something to ameliorate relations between Poland and Czechoslovakia but could not point to any specific progress.

With regard to Rumania, Delbos said that the situation was still somewhat obscure as the results of the elections were not known defi-

⁴ James Eric Drummond, Earl of Perth, British Ambassador in Italy.

⁵ Not printed.

nately. In any event he felt certain that the King would continue to dominate the situation. He added that the King had been most profuse in his expressions of friendship for France and in his promises of future collaboration.

In commenting on the general situation Delbos said that the great difficulty was that Great Britain's interests in the North Sea, the Mediterranean, and the Far East could not be defended at one and the same time by the force now at the disposal of the British Government. The engagement of that force in any one of the three areas might lead to fatal attack in one of the other. The British were still paralyzed, and without the British, the French could not act. In the immediate future he feared two things. First, a German movement against Austria, which would meet with little resistance either within Austria or from outside powers. Second, an Italian reinforcement of Franco on a great scale. He had no constructive plans for the future but felt compelled to follow a policy of wait and see.

BULLITT

740.00/266

The Minister in Albania (Grant) to the Secretary of State

No. 540

TIRANA, December 23, 1937.
[Received January 13, 1938.]

SIR: I have the honor to inform the Department that I was received in audience by His Majesty King Zog on Friday, December 17, 1937. I remarked to the King that since I had recently completed a tour of several Central European and Balkan countries, namely Germany, Austria, Hungary, Yugoslavia, Czechoslovakia, Rumania, Greece and Turkey, and had received certain impressions of the general political situation through my contacts, I desired to have His Majesty's opinion regarding the European political situation with a view of determining how far wrong my own views may be. The King responded immediately, as he has done in previous audiences, and prefacing his remarks with the statement: "I am speaking openly and as a friend to Your Excellency, as I always have", launched into a discussion of the political situation which continued for more than an hour. As I have pointed out in previous despatches, King Zog is a student and follows closely the political trends of Europe. During the recent celebration of the Twenty-fifth Anniversary of Albanian Independence he held numerous conversations with visiting delegates, including a number of high-ranking officials and ex-officials, from Central European countries as well as from Italy and Greece. The substance of the King's

remarks regarding the European situation in the audience granted to me is set forth below.

"Great Britain wants to give Germany some colonies in order to get her back into the League of Nations. This is the meaning of the Halifax-Hitler conversations. In order to forestall Great Britain, Mussolini has quit the League. The German Army is not yet sufficiently prepared for an offensive and it will not be prepared for another three or four years. As I said to Your Excellency nearly a year ago, Italy has completely given up the idea of defending Austria and the occupation of Austria by Germany is a foregone conclusion. It is only a matter of time—until the German Army is properly prepared. Italy cannot and will not stop it. In Germany the military preparations do not follow politics, but politics follows military preparations. Hence, when the German General Staff is ready the Army will march into Austria and Czechoslovakia. Germany's present wish is to tie up Czechoslovakia with a treaty similar to that with Austria. But there is nothing to stop Germany from invading these two European countries when the time comes. Germany is preparing slowly, because it lacks raw materials. Italo-German cooperation has been formulated for the purpose of discovering sources of raw materials and technicians have been sent to Ethiopia, the Balkan countries and Central Europe. Let us bear in mind that it is not merely for ethnical reasons, i. e., the desire to unite the Germanic peoples that prompts Germany to resolve to send its Army down the Danube. The principal objective is the acquisition of the vast iron deposits in Bohemia.

"I am visualizing the situation three or four years from now", the King continued, "At first—a year ago—I thought that the war would break out within two years, but I have changed my mind. In fact, I believe the war may be avoided if Germany can achieve her aspirations in Central Europe in a peaceable manner. A Czechoslovak who was here during the Twenty-fifth Anniversary celebration and who is a close friend of President Beneš talked with me and asked my opinion of the situation in Central Europe. I told him that as I see the situation Czechoslovakia might as well capitulate to Germany now because terms are better now than they will be after three or four years.

"Let me tell Your Excellency what King Alexander of Yugoslavia stated to a friend of mine just before he was killed. He said: 'If I fight to defend Austria from the Germans I must do so with my whole Army, but by the time I get my Army to the Austrian frontier half of it will be destroyed by the Hungarians. And do you think that I can go against the German Army with only half of my Army, and that demoralized?' Incidentally, my Minister for Foreign Affairs will bear witness to the fact that when King Alexander desired to go

to France I sent word to him warning him not to go by way of Marseilles because Marseilles is France's most adventurous port.

"The Yugoslavs have therefore given up their plan of defending Austria. That is the reason they have recently become friendly with Italy. Now they are trying to come to terms with Germany. As for the Hungarians, let them say all they want to say, but they will not feel badly if Germany occupies the Central European countries."

I said to the King that when I was in Berlin recently I conversed with an official who is very high in the Nazi Government regarding the practical aspects of the Rome-Berlin Axis, and that this gentleman remarked that there is "A lot of bluffing going on". I said that I also spoke with many of the rank and file of German people and that these people said they are content and do not want another war. One man whom I interviewed at Berchtesgaden, where Hitler has his summer home, said emphatically, "We do not want war, for if we go to war the whole world will be against us again". However, on all sides I saw evidence of the worship of Hitler as the saviour of the Nation and it seemed to me that if Hitler should tell the people tomorrow to go to war they probably would take up arms enthusiastically. This, I observed, is the psychology of the German situation as I saw it during my recent tour.

The King replied: "If the Germans do not want war, why then all of these armaments? Here in Europe public opinion does not count. Hitler is public opinion in Germany, Mussolini in Italy and Stalin in Russia. Whatever they say goes. Germany will be satisfied with the acquisition of Central Europe. She does not care anything about distant places such as the Cameroons. The National Socialist Party in Germany was formed with the sole object of uniting Austria to Germany."

"Is the Little Entente demolished as the result of the new Italo-Yugoslav friendship?" I inquired of His Majesty.

"No, the Little Entente stands", the King replied. "Yugoslavia will remain loyal to the Little Entente and to France as long as it can but it is only a loyalty of form. Italy and Yugoslavia have had a thorough understanding".

"Italy," His Majesty continued, "is prepared for war to the maximum. I say to the maximum because even if she waits another ten years to strike she cannot be prepared any better than she is today. The Italian General Staff says that Italy can equip ten million soldiers. This is the best she can do. Therefore, Italy is ready to make war, but she will not make it alone. She is waiting until Germany is ready. If the Ethiopian and the Mediterranean questions can be settled according to Italy's desires there will be no war in Europe. I asked the British Minister one day if he thought the Canadian, the

Australian and the South African soldiers would come to Europe to fight in defense of Austrian independence. In order to save the British Minister from embarrassment I did not let him answer my question. As I have said, if war is to be prevented the Ethiopian and the Mediterranean questions must be settled—to correspond with Italy's desires."

His Majesty reiterated a statement he has made to me on previous occasions to the effect that a general war could be avoided through close collaboration between the United States and Great Britain. I referred to the tense Far Eastern situation and observed that another incident such as the flagrant attack on the United States gunboat "Panay"⁶ by the Japanese would likely arouse the American public to emotions similar to those which plunged America into the World War in 1917. I added that the President necessarily must be guided by public opinion in dealing with foreign relations and that public opinion, which is formulated largely by the people of the great rural sections of America who are not much concerned with world affairs, had not reacted completely to the President's Chicago speech. The King replied:

"I read all of His Excellency President Roosevelt's Chicago speech and I was very much impressed by it. Your President appears a greater man when he loses than when he wins.

"The Chinese situation", the King continued, "might possibly be settled by following England's example in Egypt—Turkish sovereignty and British occupation. In China let Japan occupy the five Chinese provinces and let the dry, soulless Chinese sovereignty be over these provinces."

In conclusion the King said: "We will have peace for three or four years more; that is, comparative peace, for we will continue to have a blow out here and a blow out there, as in Spain and in the Far East. During these three or four years of comparative peace we (Albania) must advance, and that is what I wrote to my Prime Minister a few weeks ago. But I am a firm believer that Anglo-American collaboration can save the world from plunging into a war. We, too, have aspirations, but we are a small country and we work for peace."

After an exchange of courtesies, in the course of which the King expressed appreciation of my felicitations upon the excellence of the program of the Twenty-fifth Anniversary of Albanian Independence and of the Legation's cooperation in connection with the jubilee, I took my leave.

Respectfully yours,

HUGH G. GRANT

⁶ See vol. iv, pp. 485 ff., and *Foreign Relations, Japan, 1931-1941*, vol. i, pp. 517 ff.

740.00/272

The Ambassador in Poland (Biddle) to the Secretary of State

[Extracts]

No. 284

WARSAW, December 30, 1937.

[Received January 17, 1938.]

SIR: I have the honor to inform the Department that Mrs. Biddle and I spent the entire period of my recent 8 days leave of absence in Paris, with the exception of travel time. Aside from the several engagements which I had previously arranged with my former business associates, who had come to Paris from London, for the purpose of transacting business in connection with our private affairs, I was able to devote the greater part of each day both to conferences with Ambassador Bullitt and to the review of records in our Embassy. The Ambassador's and my exchange of information, happening as it did, immediately after M. Delbos' visit to Warsaw, and during his continued voyage in Central Europe, proved of particular value to me in the light of this Mission's perspective. I was thus enabled to acquire the reaction to the Delbos visits to Warsaw and other capitals as reflected in Paris governmental and diplomatic circles. Ambassador Bullitt in his numerous conversations with French Cabinet Ministers and Chiefs of Missions accredited to Paris had acquired a very useful fund of information, particularly from the Western European standpoint, bearing on the Delbos tour.

Moreover Ambassador Bullitt's report on his stopover in Berlin en route to Paris from Warsaw proved of utmost interest to me, especially in the light of its important direct and indirect bearing on the situation in this region of Europe.

In brief, the opportunity afforded me, during my Paris visit, to exchange information and reactions with Ambassador Bullitt on questions pertinent to affairs in Eastern Europe, as well as on the broader issues bearing on Europe as a whole, has, from my own viewpoint, proven exceedingly enlightening and helpful. Moreover, I venture to hope that I may be afforded similar useful opportunities from time to time, especially during this "jittery" period throughout Europe.

The joint effort of Britain and France to bring about a general appeasement and pacification settlement is so broad in scope that the various nations whose support is desired will be either directly or indirectly interested in all phases of the envisaged negotiations. Hence I believe that it would be most helpful for the American Chiefs of Mission accredited to those countries whose interests are at stake, to exchange information and viewpoints from time to time for the purpose of assisting each other towards the mutual development of

the broadest possible perspective in terms of the near and long-term outlook.

Aside from the conversations which the Ambassador and I had together with the several French statesmen, which conversations he has undoubtedly already reported, there was one discussion which I had with former Prime Minister Flandin at dinner the night before my departure, the substance of which I take occasion to forward in the attached memorandum and which, in effect, I have already verbally communicated to Ambassador Bullitt. I was particularly glad to have had the opportunity of talking with M. Flandin at M. Pietri's (former Minister of Marine) dinner because that same day Ambassador Bullitt had received a report that M. Flandin, since his return from Berlin, had been intimating in the *couloirs* of the Chambre des Députés that the German officials with whom he had talked in Berlin had intimated that "Poland was already in Germany's pocket". I naturally therefore welcomed the opportunity of asking him what, if anything, the Germans had said in relation to Poland during his Berlin talks. Without hesitation, and I felt with due sincerity, he replied that little if anything was mentioned about Poland during his conversations.

In connection with the report which Ambassador Bullitt had previously received regarding M. Flandin's remarks on Poland (if he had actually made such remarks), I am inclined to put them down merely to personal, political tactics: perhaps a double-edged thrust: (a) to throw off on M. Delbos' Warsaw visit, and (b) to discountenance in French eyes Minister Beck, for whom M. Flandin evidently bears no particular affection.

Respectfully yours,

A. J. DREXEL BIDDLE, JR.

[Enclosure]

Memorandum by the Ambassador in Poland (Biddle) of a Conversation With the Former French Prime Minister (Flandin), in Paris, December 17, 1937

As regards the League, events had occurred during recent months which warranted a change in viewpoint in respect to certain issues.

Both France and Britain had for long based their respective forward-looking foreign policies on the League. They had both devoted loyal efforts towards upholding the code of justice in international relations.

As to whether the victorious "Allies", who had effected a material reduction in their armaments during the post-war period, had been "too big" in their treatment of frequent Peace Treaty violations,

might be left for history to decide. The League had functioned satisfactorily and had served frequently as a check against potential conflicts, while the material forces of France and Britain had constituted the predominant factor in Europe.

This bore out the regrettable realism that the "big stick" was an essential support to insure the prevalence of the moral forces, for the League's authority had been threatened when military predominance appeared temporarily to have shifted. It was, moreover, to the credit of Prime Minister Chamberlain's realism and courage, that he had realized the League was not capable, for the moment, of assuring the security of its members.

Both the British and the French, having proceeded for some time with a sense of confidence in the League, had experienced an awakening, as a result of which both countries had engaged in intensive rearmament. Indeed they had become aware of the potential threats to their respective colonial domains, if not their own frontiers.

Hitler had been almost religiously pursuing the principles set forth in *Mein Kampf*. Between these principles and those entailed in the Covenant there was a marked conflict. Moreover, in terms of the future outlook, international differences might be expected to be liquidated either by force of arms or by appeasement and peaceful means. Meanwhile, the totalitarian nations had practically completed the mobilization of the material and social forces within their respective national boundaries. The Democracies had made a good start, and were now well on their way.

As to whether in the course of their development, these highly charged forces could be held in check, remained to be seen.

As to the respective attitudes of the two "axes", the French and British "left wings" looked for a collapse of the economic structures to bring about the fall of the totalitarian régimes.

On the other hand, the totalitarian leaders looked for revolutionary disturbances in France, and reckoned on a general weakness of the parliamentary democracies.

At the same time there were vigorous campaigns being waged by each axis to alienate the adherents of the other. For example, Paris believed it possible to wean Rome from the Rome-Berlin-Tokyo axis, while London still favorably regarded the possibility of breaking Berlin away. On the other hand, Berlin continued to envisage the weaning of London from the London-Paris alignment.

As regards the discussions which took place during Lord Halifax's visit to Berlin—they had apparently assumed the form of a search for a compromise between the Führer's doctrine of force and the doctrine of unalterable Treaties.

The real issue now at stake was the modification of the Covenant, the moderation of the exercise of laws governing international rela-

tions, and the rounding out of the elements of potential force in terms of a "new deal" for Europe.

The same circles that were pressing France to stand pat in regard to the Covenant, were willing to have France assume the role of policeman for Europe.

As practice had demonstrated the ineffectiveness of collective guarantees under the Covenant, France had found it difficult to pursue a strictly ideological policy.

As far back as 1933, M. Flandin had perceived on the part of Poland and the Scandinavian States, Norway and Denmark in particular, a tapering off of wholehearted enthusiasm for the League, in terms of strict adherence to and full support of the principles embodied in the Covenant. He had subsequently come to recognize this as the "handwriting on the wall", pointing to a tendency to look to France and Britain to shoulder the burden of policing Europe. In other words, as far back as 1933 he had gained the impression that both his country and Britain might be expected to be "passed the buck" by their associates in the League, in the event of a crisis.

France could not be expected to serve as Europe's policeman, for this role would hold unforeseen dangers and complications for her—besides, the severe measures in the military and other fields necessary to support such a role would only work an added hardship on the French people. Indeed there was no justification for France's adopting such a role. Nor on the other hand, could France afford to risk isolation.

French support of Franco-British joint European interests might be expected to be facilitated by a more precise definition of these interests.

M. Flandin concluded by stating that neither peace nor French security had netted effective and durable advantage, after 15 years of idealism.

France now, however, was on the threshold of adopting a policy of facing realities and of adjustment to current day circumstances.

THE SPANISH CIVIL WAR

I. INTERNATIONAL POLITICAL ASPECTS¹

852.00/4274 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, January 5, 1937—3 p. m.

[Received January 5—1:50 p. m.]

6. A United Press despatch from Washington published in the local papers this morning for distribution in connection with the neutrality discussions before Congress [stated that?] it is intimated in official circles that the President will apply an embargo on war materials to Spain and Germany if the relations between the two countries continued to deteriorate. Although this report has not been commented on in the press any such action of course would be interpreted here as evidence of taking sides in the Spanish conflict.

From an unofficial but reliable informant who has recently been in Spain I gather that Franco's Spanish resources are very limited and that he will require continued substantial foreign aid both supplies and men presumably from Italy and Germany. Other estimates place his need at the present time at about a minimum of 20,000 trained foreign troops in order to maintain even his present position. It is also reported that Franco has shown a lack of generalship and his army organization is most inefficient. The best of his Spanish troops are said to have been killed in the early days of the war and that Franco is making no efforts to raise other armies in Spain, but will rely primarily on foreign troops.

Up to the present it is impossible to obtain any accurate forecast of the nature of the Italian-German consultation concerning the reply to be sent to the joint Franco-British note regarding volunteers.² Whether as a result of the recent Anglo-Italian negotiations Italy will endeavor to exercise some restraint upon Germany can only be determined by future developments since no reliable information regarding Italy's real intention can be secured from the Italian authorities who merely reiterate that conditions in Spain are improving. They allege that Franco's victory is only a question of time.

PHILLIPS

¹ Continued from *Foreign Relations*, 1936, vol. II, pp. 437-626.

² See telegram No. 628, December 28, 1936, 6 p. m., from the Ambassador in the United Kingdom, *ibid.*, p. 615.

852.00/4293 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, January 7, 1937—1 p. m.

[Received 8:55 p. m.]

Another contingent of about 4000 Italians arrived in Cadiz last week thus making total of approximately 8000 arrivals during the past fortnight exclusive of the Red Cross unit mentioned in my telegram December 30, 1 p.m.³ These forces are for the most part infantrymen and artillerymen and are said to have come directly from Abyssinia. Cruiser *Baleares* sister ship of Cruiser *Canarias*, recently launched, is now being equipped in Cadiz with guns and will be ready for service within a week.

BAY

852.00/4292 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, January 7, 1937—4 p. m.

[Received January 7—1:32 p. m.]

8. My 7, January 6, 3 p. m.⁴ Yesterday Ciano⁵ sent for Drummond⁶ and while he did not inform him of the contents of the Italian reply which is expected to be handed to the British Ambassador this afternoon he discussed the Italian attitude towards the Spanish situation. He said that the Italian Government would willingly agree to stop all Italian volunteers and to withdraw from Spain those already arrived if the governments of France, Russia and Belgium which he described as the principal countries involved on the other side, would take similar action. Drummond was impressed by Ciano's very evident desire to go as far as possible to avoid further European complications and seemed especially pleased at the assurance that this is the Duce's very definite wish. On the other hand Ciano also made it clear that unless this course was adopted by the other countries Italy was prepared to go as far and even further than the others in permitting volunteers to leave.

The conversation ended in a mutual expression of desire to cooperate wholeheartedly in the interests of peace and that the recent British-Italian Mediterranean accord⁷ was after all the foundation

³ *Foreign Relations*, 1936, vol. II, p. 620.⁴ Not printed.⁵ Count Galeazzo Ciano di Cortellazzo, Italian Minister for Foreign Affairs.⁶ Sir Eric Drummond, British Ambassador in Italy.⁷ British Cmd. 5348, Italy No. 1 (1937) : *Declaration by His Majesty's Government in the United Kingdom and the Italian Government Regarding the Mediterranean* [With an Exchange of Notes Regarding the Status Quo in the Western Mediterranean Dated December 31, 1936], Rome January 2, 1937.

upon which the two Governments could work closely in general matters of European peace.

PHILLIPS

852.00/4305 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, January 9, 1937—1 p. m.

[Received 1:45 p. m.]

34. For Moore.^{7a} This morning from Léger⁸ who is now in charge of Foreign Office I obtained further confirmation of the statements I made to you last night by telephone.

Léger said: As I knew, for many weeks the French Government had feared that the Germans under cover of sending reinforcements to Franco would send troops to Spanish Morocco and occupy that territory. German occupation of Spanish Morocco would cut French communications with North African colonies; would cut England's communications through the Mediterranean and would be intolerable for either France or England.

Eight days ago François-Poncet, French Ambassador in Berlin, had discussed the Moroccan situation with Neurath⁹ and had received assurances that the German Government had no intention of sending troops to Morocco. Neurath had talked in the most amiable and friendly manner; had suggested a continuance of the economic and financial negotiations between France and Germany which has been inaugurated by Schacht¹⁰ and had said that he felt the Spanish affair should be turned into an element for the consolidation of friendship between France and Germany rather than an element of discord.

Léger said that Poncet had replied that France was entirely prepared to go ahead with the Schacht conversations and would like to continue them at once. He said that Neurath had then answered that he felt the first step overlooking improvement of Franco-German relations must be the extinguishment of the flames of war in Spain.

The new element which had come into the situation 2 days ago was the information which the French Government had received from its agents in Spanish Morocco that 300 German soldiers had been landed at Spanish Morocco and that contracts had been made by German

^{7a} R. Walton Moore, Assistant Secretary of State.

⁸ R. A. Alexis Léger, Secretary General of the French Ministry for Foreign Affairs.

⁹ Baron Constantin von Neurath, German Minister for Foreign Affairs.

¹⁰ Hjalmar Schacht, German Minister for Economic Affairs and President of the Reichsbank.

agents in Spanish Morocco for quarters and food supplies for 3,000 German troops in Ceuta and the neighborhood.

Furthermore at the same time François-Poncet in Berlin and the French Consul in Munich had informed the French Government that they had information that 3,000 Reichswehr troops from Bavaria were about to leave for Spanish Morocco to arrive about January 10.

The French Government had then communicated with the authorities in Burgos reminding them that France as the protecting power in Morocco was responsible for the maintenance of the sovereignty of the Sultan in Spanish Morocco as well as in French Morocco; that under the well known international agreements with regard to Morocco Spain could not permit troops of any foreign country to enter the Spanish zone and could not receive assistance from any foreign country in the Spanish zone. They had warned Franco that France would not tolerate any suspension of privileges with regard to Morocco.

Léger said that he had then sent for the German Ambassador in Paris, Count von Welczek, and had informed him that he had received reports that 3,000 troops of an unnamed country were to be landed in Morocco (without naming the troops as German troops) and had informed Welczek of the communication made by the French Government to the Burgos authorities. Welczek had replied that he was certain that if any such troops were being sent they could not be German troops as he had received the most explicit communication from the German Foreign Office to the effect that the German Government was most anxious not to see the international situation aggravated by events in Spain.

The French Government had communicated with the British Government and had informed the British Government that the French were about to send a portion of their fleet to the coast of Spanish Morocco for observation purposes. Léger pointed out that under an agreement with Spain the French have the right to send their warships to the harbor of Ceuta without even informing the Spanish Government. He said that French ships were being sent to Spanish Moroccan waters to observe very exactly all landings in Spanish Morocco.

He added that Corbin, French Ambassador in London, had talked with Eden¹¹ yesterday and that Eden had said that he believed the British Government also should send ships to Spanish Moroccan waters for the purpose of observation; but had added that he must consult the Admiralty as he was not sure what ships were available and that he would give the French Government a definite reply tonight.

¹¹ Anthony Eden, British Secretary of State for Foreign Affairs.

In the middle of our conversation Léger talked with Corbin in London on the telephone and asked him to inform Eden today that the French Government had information from a source which it regarded as entirely reliable that the 3,000 German troops destined for Spanish Morocco would pass, not by way of the Atlantic but via Italy and the Mediterranean.

He instructed Corbin reply to Eden that if this information was correct the action of Italy was scarcely in accord with the recent gentlemen's agreement. He also instructed Corbin to point out to Eden that the French Government regarded the sending of German troops to Spanish Morocco as entirely different from the sending of German troops to the Spanish mainland. The sending of German troops to Spain could be considered as merely help to Franco in Spain. The sending of German troops to Spanish Morocco must be regarded as an attempt to establish a German base for the eventuality either of war in the spring or German acquisition of a colonial domain.

We then had a long conversation on the general situation which Léger concluded as follows: The French legal position in opposing the presence of German troops in Morocco is absolutely unassailable. The French armed forces now in French Morocco are sufficient to throw out all German troops which may be landed in Spanish Morocco. It is not the intention of the French Government to make this question of the landing of German troops in Morocco the starting point for armed conflict with Germany. France disposed to handle the matter in such a way as not to hurt German sensibilities or German pride. He indicated that the French would probably close their eyes to the presence of the 300 Germans who landed in Morocco 2 days ago and that France will make every effort to persuade the Germans to alter the destination of the 3,000 men now en route from Spanish Morocco to the Spanish mainland.

Léger was in no way excited about the situation and stated definitely that he did not anticipate any very serious results although of course the question contained the seeds of war as France could not and would not tolerate large German armed forces in Spanish Morocco.

Therefore I venture to reiterate what I said to you on the telephone last night, to wit, that I do not believe there is any immediate danger of war springing from the Moroccan question and I feel that it would be inadvisable for our Government to make any statement with regard to the matter at the present time.

Europe is today so tense with expectation of war that we must expect to have an incident of this sort arising every few weeks. You may be sure that if I find the slightest indication of immediate danger I will inform you instantly.

852.00/4416

Press Release Issued by the Department of State, January 9, 1937

In answer to inquiries at press conference, Acting Secretary of State R. Walton Moore said:

I do not think the reports coming in from Europe should cause undue alarm. I decline to believe that any war involving the leading European nations is about to occur. I decline to believe that any such adventure in suicide is imminent. On the contrary I am convinced that the leaders of those nations, knowing what a perhaps fatal blow another extensive war would be to the fabric of European civilization, will find some common sense methods of adjusting all controversies. Of course all the world would be glad to see the civil strife in Spain wholly localized.

852.00/4328 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, January 11, 1937—6 p. m.
[Received January 11—4:10 p. m.]

37. For Moore. I called on President Lebrun this afternoon and asked him for his opinion about the situation in Morocco.

He said that he did not believe that the Germans had any intention of making trouble in Morocco at the present time. He added that the French press had made a mountain out of a mole hill in a manner which was most distasteful to him.

He stated that the Spanish authorities in Morocco had denied most categorically all the allegations of German troop debarkations. He then pointed out that individual Germans had a perfect right to go to Spanish Morocco and work there and added that the French Government had no real information with respect to debarkation of German military units.

I gathered the impression that he felt most decidedly that the entire explosion in Paris had been a great mistake.

In discussing the general situation Lebrun expressed the opinion that Germany would not dare to attempt war in the near future and then said that Germany would not, he was sure, begin a conflict by an advance in Morocco where any German forces could be isolated at once by the French and British fleets.

BULLITT

852.00/4325 : Telegram

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

TANGIER, January 11, 1937—6 p. m.
[Received January 11—2:55 p. m.]

1. 1. My information does not support sensational press rumors concerning German military activities Spanish zone.

2. Am of the opinion that these rumors are designed by France to elicit statement from Franco and German Governments similar to recent British-Italian exchange of assurances regarding Mediterranean, which the British Government would also welcome.

3. Agitation also perhaps intended to force German acceptance of Franco-British non-intervention proposals in Spain, as against Italo-German suggestions.

4. Franco government inaugurating seaplane base for protection of Melilla and iron mines, and material from Germany for this purpose and some Germans have arrived in Melilla. Such activities at Melilla or Ceuta constitute no breach of Franco-Spanish convention concerning Morocco,¹² since these ports are not Moroccan territory, and the prohibition to fortify them was specifically excluded from the 1904 agreements between France, Great Britain and Spain about Morocco.¹³

5. No German engaged in direction or operation of Riff mines and Germany has purchased 75 percent of output during many years.

6. Reported French Fleet concentration in Moroccan waters and accumulation of French troops along Franco-Spanish zone frontier probably designed more particularly to raise French prestige among Moroccan natives and to add effectiveness to the international gesture.

7. Whatever may be the purposes pursued, they seem to be based upon an attempt to create in international public opinion a situation which does not exist in fact.

8. The position will probably soon adjust itself unless, against all probability, there exists a positive design on one side or the other to provoke European complications.

BLAKE

¹² Signed November 27, 1912, *British and Foreign State Papers*, vol. cvl, p. 1025.

¹³ See Martens, *Nouveau Recueil Général de Traités Autres Actes Relatifs aux Rapports de Droit International*, vol. 93, pp. 15, 57.

852.00/4326 : Telegram

*The Ambassador in the United Kingdom (Bingham) to the
Secretary of State*

LONDON, January 11, 1937—6 p. m.
[Received January 11—4:26 p. m.]

13. My 10, January 8, 7 p. m.¹⁴ Following the Cabinet meetings of Friday and Saturday the British Government published last night the text of the identic notes for delivery to the German, Italian, Portuguese, Russian, and French Governments¹⁵ in furtherance of the exchange of views based upon the Franco-British proposals of December 24 for stopping the flow of foreign volunteers into Spain. I understand the substance of this note has been cabled by the press as well as the Government's warning against the enlistment of British subjects for service in Spain.

According to the Foreign Office some 3 weeks ago the Spanish Ambassador called on the Foreign Secretary and expressed apprehensions regarding German military and economic activity in Spanish Morocco and particularly the fear that if Germany established herself in this zone it would be impossible later to dislodge her. British inquiries through their Consul at Tetuan and other sources have so far failed to justify the Spanish Ambassador's apprehension or latest press stories emanating from Paris. The Foreign Office then very discreetly pointed out to me that on previous occasions when some progress among the powers represented on the Non-Intervention Committee seemed possible this prospect had been "beclouded" by alarmist reports in the French press.

I gather that for fear this latest French disquiet over Morocco might in fact further confound the international situation the British Cabinet decided to act with the promptitude referred to in first paragraph above.

The Foreign Office gave me to understand that since it was prepared to take immediate action in rendering the enlistment of British subjects for service in Spain unlawful it had been decided to make the latest British *démarche* alone since any hope [of] immediate and concurrent action by France was improbable owing to the absence from Paris of Blum¹⁶ and Delbos.¹⁷ Furthermore, I gathered the British felt since they were not accused of breaches of the non-intervention agreement a direct British approach would have more chance of success than if made in conjunction with the French.

¹⁴ Not printed.

¹⁵ *New York Times*, January 11, 1937, p. 3, col. 6.

¹⁶ Léon Blum, President of the French Council of Ministers.

¹⁷ Yvon Delbos, French Minister for Foreign Affairs.

The Foreign Office went on to say that opinion in this country was definite against any active intervention in Spain other than by negotiation and that although in the French press there had appeared discussions of joint Anglo-French naval action the British Government had not considered such action.

In conclusion, the Foreign Office stated that the recent arrival of Italian and German volunteers had strengthened the anti-Franco sentiment in this country and maintained very much the position reported in my 593, December 3, 6 p. m.,¹⁸ that while the Spanish situation may drag on for some time, nevertheless, those nations most vitally concerned are desirous of limiting the scope of the conflict in Spain.

BINGHAM

852.00/4478

*The Ambassador in Spain (Bowers), Then in France, to the
Secretary of State*

[Extracts]

No. 1247

ST. JEAN DE LUZ, January 12, 1937.
[Received January 25.]

SIR:

UNITED STATES NEUTRALITY

I have the honor to report that I think it can be unqualifiedly said that in responsible quarters on both sides in the Spanish conflict there is an agreement that the United States has been absolutely neutral and has scrupulously observed all the proprieties. The very first intimation we had of a possible doubt came with the necessary granting of the permit to ship war material before the passing of the legislation making it impossible to prevent the repetition of such action. The supporters of the Government through their papers at the moment were prone to seize upon this incident as evidence of America's partiality for the Government; but the rebel papers and radio treated the incident at first with extreme caution and without any denunciation of our action. The rebels pointed at once to the announcement that legislative action would be taken to prevent anything of the sort in the future.

Since the enactment of the new law and the attempt to head off the recent shipment, General Queipo de Llano, who for six months has radioed his views nightly from Seville, setting forth the rebel viewpoint, and propaganda, devoted several minutes to the highest praise of the United States. He declared in substance that we alone among

¹⁸ *Foreign Relations*, 1936, vol. II, p. 585.

the nations had been scrupulously neutral, and that if all other nations had been equally so the war would now be over. Practically every rebel in Spain, who can, listens nightly to his talks.

It seems significant and certainly is gratifying to observe both sides in the bitterest of controversies uniting both in praise of the United States and in their desire to maintain cordial relations with us.

The only exception to this rule has been the protest of Sarrat, the Burgos Foreign Minister, addressed to the British Ambassador here for transmission to the Non-Intervention Committee, charging that certain ships with cargoes of war material destined to the Government had sailed from the United States, and rather offensively expressing surprise that a great country should stoop to the support of the "Reds". The fact that this note was written after we had, with unprecedented speed, passed the needed law, and after we actually had sought to prevent the clearance of the ship which was loaded before the law passed, makes Sarrat's tone all the more offensive.

SUPPRESSION OF VOLUNTEERS

I have yet to meet any of my colleagues who attach the slightest importance to the Anglo-French proposal for the exclusion of foreign "volunteers", and most of those with whom I have talked cynically comment that England has been forced to take cognizance of the appearance here in great numbers of soldiers from the armies of Germany and Italy, but that nothing will be done to stop the influx of these soldiers. There is nothing realistic in the British note in that it uses the word "volunteers" and scrupulously refrains from any intimation that soldiers from the armies of Italy and Germany have been ordered to Spain to fight.

It is utterly impossible for me to credit the British with any sincerity in their pose of neutrality in view of my frequent conversations with the British Ambassador¹⁹ here. Every action it has taken thus far, as I have pointed out from time to time, has been transparently intended to cripple the Government and to serve the insurgents. The Non-intervention Pact was the first instance. England and France promptly, and without awaiting the action of Germany, Italy and Portugal, shut off all supplies to Spain. This made it impossible for the Government to buy war material with which to defend the Republic. In the meanwhile, Germany and Italy were constantly pouring floods of war material into the camp of Franco. This was perfectly well known to the British, who not only have their ships on watch in the neighborhood of Cadiz and on the Portuguese coast, but have their secret service men active in southern Spain. But they made no

¹⁹ H. G. Chilton.

protest until the Spanish Government presented positive proof of the violation of the Pact by the Fascist States, and not even then, until Russia announced that she would not be bound to any greater degree than any other signatory of the Pact.

Meanwhile Germany and Italy were sending soldiers and aviators—the first to start being the latter who unhappily crashed on the way ten days after the beginning of the rebellion, thus giving the secret away. Thereafter—and it certainly was thereafter—volunteers began to join the Government forces from other countries, particularly from France.

Now with a full knowledge that as many as 17,000 German and Italian soldiers landed at Cadiz within two weeks, beginning Christmas week, the British policy is to shut off “volunteers”. And in keeping with this plan she is making it a crime punishable by imprisonment for any Briton to volunteer. If France follows in her wake, it will mean the exclusion of assistance from the Government; and I shall be much astonished if anything is done that will stop Germany and Italy from continuing to send in soldiers.

This policy, whatever its intent, will operate solely in the interest of the rebels. I gather that this is perfectly understood by the English in view of a strange conversation I had last Sunday with the British Ambassador. Quite solemnly, as though quoting Scripture, he told me that he had just heard that Goering²⁰ had announced that “not one German soldier had been sent to Spain”. I asked him if that was corroborated by the reports he was receiving from English secret service men in Cadiz and Seville. Instead of replying he said: “I hope they send in enough Germans to end the war.” That I am quite sure is the attitude of the British and has been from the first day.

A WAR OF FOREIGNERS

At present the real fighting is being done by foreigners. It has been true of Franco's forces almost from the beginning, ever since the arrival of the Moors in the first days of the rebellion. Among his Spanish soldiers those of the Carlists are the only ones that are said to be worth their feed as fighters. The young Fascists are not put in the battle front but are reserved for police duty in towns taken. During the last three weeks the German and Italian soldiers have been doing the fighting, and in view of the radically changed tactics, it is generally assumed that the Germans have taken over the strategy.

The Government forces comprise a great majority of the Spaniards in the war, but these are untrained in warfare and do not have the discipline or the fighting spirit to sally forth on desperate charges. Even the training in the army here is absurd. The service is too

²⁰ Hermann Goering, German Minister for Aviation.

brief, even if the training were intensive, and it is far from that. Young men serving their time in the army in Madrid are permitted to go home to sleep, and if a party keeps them up late, they simply do not appear the next morning. The result is that in the fighting before Madrid the Spaniards on the Government side prefer to stay in their trenches and to wage a defensive warfare entirely. Otherwise with their superior numbers they should have pushed the insurgents back weeks ago.

The Government took the offensive and with good effect a month ago, but it was the International Brigade, mostly French, who led and forced the fighting. It was then that Franco was reenforced by thousands of the German and Italian armies, and his success has been due to the superior training of these professional soldiers. The fact that they have been held at all has been due to the brilliant resistance of the International Brigade which has made many countercharges—but without sufficient help from the Spaniards who refuse to abandon trench warfare.

If "volunteers" are now excluded and professional soldiers of the armies of the Fascist States continue to come in, the result is inevitable.

CRISIS IN BASQUE COUNTRY

The rebel army in northern Spain has accomplished nothing toward the capture of Bilbao or Santander, nor has it done anything toward retrieving their military losses between Bilbao and Vitoria. The natural fortifications of Bilbao are such as to make it next to impossible for an army to march upon the city, and never in history has Bilbao been taken.

But the presence of German boats in the waters of Bilbao and Santander is making it increasingly impossible to get food supplies to these cities, and reports reaching me indicate that the food shortage may become very serious. One Russian ship recently reached Bilbao with rye and textiles. But another food ship is said to have been sunk, and another with 3,500 tons of wheat on board was captured and turned over to the rebels.

Meanwhile with increasing frequency bombers are being sent over from Vitoria to bombard these cities and with serious results on the civilian population.

The gravest danger from this is not in the destruction so much as in the enraging of the people, thus driving them more and more to extremes. There are large numbers of anarchists from Barcelona in these places who take full advantage of every outrage, such as the killing of non-combatants, to undermine the Basque Government's policy of reasonable conservatism. After the last bombing the anar-

chists organized a mob which broke into the prisons and killed many prisoners as a reprisal. This was in opposition to the wishes of the Government. There is a possibility that the continuation of the bombing will so play into the hands of the extremists as to make difficult if not impossible the control of the situation by the Basque Government. In that event the possibility is strong that the conservative Basques will be forced to yield to the extreme measures of the anarchists who have no regard for any government; and in that event the effect may well be to cool the ardor of the Basques for the loyalist cause.

Regarding food, the insurgents are in a better position than the loyalists. The greater part of the wheat country is in rebel possession. The loyalist strongholds are the industrial cities and sections and the fruit sections.

It is commonly understood here that wherever the insurgents are in possession of mineral sections, the minerals are being sent in large quantities to Germany—probably in part payment for the service of the German army.

Respectfully yours,

CLAUDE G. BOWERS

852.00/4347: Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, January 12, 1937—5 p. m.

[Received January 12—2:35 p. m.]

17. My 11, January 9, 11 a. m.²¹ In recent conversations with Italian officials regarding Spain they admit quite frankly that both Italy and Germany are still resolved to allow no Communist government to be formed in Spain—Italy even more than Germany as it fears that any Communist triumph would spread to France and bring about a German move against France. Hitler, it is said, would not permit Germany to be surrounded by Communist countries in the East and Communist France in the West. Thus it is believed here that any weakening of France in the sense of increased Red influence there might precipitate a major European conflict.

For these reasons as well as to bar the entry of communism into the Mediterranean area, Italy is prepared to go even further than Germany in its determination to prevent the establishment of a Communist state in the Iberian Peninsula.

According to one Foreign Office official the close cooperation between Italy and Germany must be viewed in this light. He said that the German Government had become so intensely sensitive each time that Hitler had made a gesture of friendship toward France and had

²¹ Not printed.

been repulsed, that there was positive danger of allowing Germany to remain with the belief that it was isolated in Europe. It was therefore in the interests of general European peace, he continued, that Italy felt it wise to enter into close contact with the Germans. Also the Danubian situation which presented constant possibilities of friction between the commercial interests of both Italy and Germany made it highly desirable for the two to work together.

With respect to the success of the present Franco-British move to check interference and provide more rigid control in Spain, Italy's primary preoccupation appears to be to stop the flow of supplies and men coming in from France. If Italy can receive assurances from France that the latter is prepared to put an end to French assistance to the Communists in Spain, Italy would be more willing to take similar measures with regard to Franco's government. Italy apparently does not feel that Soviet Russia without France can be an important factor in helping to bring about a victory of the Valencia Government. The Italians give the impression that they do not believe that Soviet Russia will embark on a war in order to achieve the desired results in Spain and although the Russians will undoubtedly continue to send reinforcements of munitions, money and men, this aid will not be effective if the French channel of access is closed. In Italy more blame is attached to France for continuance of the war even than Soviet Russia and the Italian newspapers are bitterly critical of the French attitude. There has been no editorial comment on the reports of German volunteers in Morocco but news stories are so presented as to give the impression that these reports are part of the general campaign of the Popular Front Government in France and are not accurate.

In connection with the Moroccan situation, the Soviet Ambassador told me yesterday that he was deeply concerned and feared that the problem presented by these German volunteers was creating a very grave situation. He had just talked by telephone to his Soviet colleague in Paris who told him that the French Government was also much exercised over the presence of the Germans in North Africa.

PHILLIPS

852.00/4346 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, January 12, 1937—5 p. m.
[Received January 12—4: 35 p. m.]

43. This morning I had a conversation with Chautemps Minister of State on the subject of the Moroccan difficulty. He said that he felt

Vienot²² had made a mistake in getting the French press so excited about the matter but added that he was glad that Hitler had been pushed into making his declaration to François-Poncet. He believed that the incident could be considered closed.

BULLITT

852.00/4365 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, January 14, 1937—5 p. m.
[Received January 14—2: 58 p. m.]

20. My 17, January 12, 5 p. m. I understand that when the British Ambassador presented the last British communication relating to Italian volunteers he sought in addition to secure an undertaking from the Italians that during the present negotiations no further organized volunteer troops would be sent to Spain. This has been turned down by Italy on the ground that Italy could not commit itself as long as volunteers from other countries were going to Spain.

It has also been indicated that no prompt reply will be made either by Italy or Germany to this communication.

PHILLIPS

762.65/278 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, January 16, 1937—5 p. m.
[Received January 16—2: 25 p. m.]

23. My 12, January 9, 7 p. m.;²³ 17, January 12, 5 p. m.; 21, January 14, 6 p. m.²³ The conversations now proceeding in Rome between the Italians and General Goering²⁴ relate of course primarily to the Spanish situation. While the visit is held to be unofficial and no foreign diplomats have been invited to meet Goering, elaborate entertainments are being given in his honor by Mussolini, Ciano, and the Governor of Rome, ending with a gala opera and a hunt over the royal preserves tomorrow. Long conversations have taken place between Goering and Mussolini. On Monday Goering will leave for Naples, returning to Rome for one day on Thursday. Meanwhile I understand that the results of the conversations are being communicated to Berlin and it is expected that by Thursday Berlin's answers will have been received in Rome. In the circumstances it seems wiser not to press the Foreign Office for information until next week and I find that my diplomatic colleagues share this view.

²² P. Vienot, French Under Secretary of State for Foreign Affairs.

²³ Not printed.

²⁴ General Goering had arrived in Rome on January 13.

It seems certain that the last British proposals regarding volunteers have been far more cordially received than the first proposals which were associated with the French Government and that therefore we may expect greater efforts on the part of the Italians to meet the British viewpoint. In this connection it is to be remembered that the attitude of the Italians towards the British has completely changed as a result of the Mediterranean "gentlemen's agreement" (see last paragraph my 8, January 7, 4 p. m.).

Moreover, there are signs that Italy might prefer to associate in the Spanish affair so far as possible with the British and other European powers rather than to remain tied exclusively to Germany. By now there must be general disappointment in Franco's leadership but nevertheless our reports indicate that Italian volunteers are still leaving in considerable numbers. The Consulate General at Naples reports that the SS *Lombardia* sailed yesterday with 4500 aboard for Spain. This is the third sailing of the SS *Lombardia* from Naples to Spain since December 18.

We are following the situation as closely as possible but at the moment it is highly confusing and I cannot today intelligently predict the outcome.

PHILLIPS

852.00/4399 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, January 18, 1937—noon.
[Received January 18—8:40 a. m.]

25. My telegram No. 24, January 17, 11 a. m. [*noon.*]²⁵ During a call at the Foreign Office this morning Count Ciano confirmed the substance of the information which the British Ambassador gave me yesterday. The Italian reply to the British proposals would be sent after Goering's return to Berlin the end of this week. It would be substantially favorable but would require guarantees against the movement of volunteers in the form of international frontier control with necessary power and police assistance. He told me that during the last 2 months 47,000 French, Russian, Belgian and Swiss Communists had crossed the frontier into Spain, whereas whenever a comparatively small number of German and Italian volunteers reached Spain by sea, the press of the world exaggerated the event and their numbers. The British proposals he said followed closely the proposals which the Italians had made to the French months ago but that the French Ambassador to Rome had then maintained that his Government had no power to prevent the movement of volunteers from French territory.

²⁵ Not printed.

With regard to the evacuation of foreign volunteers from Spain the Italian Government could readily assure the departure of Italians. Ciano added that the Italian Government was doing everything possible in the interests of a peaceful solution.

PHILLIPS

852.00/4444 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, January 22, 1937—2 p. m.
[Received January 22—11:20 a. m.]

89. The Senate yesterday passed unanimously the bill authorizing the Government to take necessary measures, providing other countries act in a similar manner, to prevent the recruiting in territory under French sovereignty of volunteers for fighting in Spain or Spanish Morocco, to prevent the passage of such volunteers through France or the enrollment of French nationals abroad for such service. The Chamber had previously passed this bill likewise by unanimous vote and it is promulgated as law in this morning's *Journal Officiel*.²⁶

BULLITT

852.00/4480 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, January 25, 1937—11 a. m.
[Received 11:10 a. m.]

377. In respect to the work of the Non-Intervention Committee Massigli²⁷ tells me to the effect that France has agreed to the presence on her soil of international commissions to control passage of arms and volunteers from France to Spain. They have sent a note to Portugal requesting that Government to make the same authorization.

Respecting control by water, the French Government contemplates—and the British Government is believed to be in agreement—that all members of the Non-Intervention Committee will acquiesce in the establishment of a control to be operated as follows: all ships destined for Spanish ports will be required en route to put in at specified ports outside of Spain where an inspection for the presence of war material and volunteers will be made. If the inspection reveals innocent cargo the ship will receive international authorization to proceed to its port.

According to Massigli all maritime powers in Europe are members of the Non-Intervention Committee. The only great power which

²⁶ For summary of decrees issued under this law, see telegram No. 242, February 19, 1 p. m., p. 479.

²⁷ René L. D. Massigli of the French Ministry for Foreign Affairs.

has ships in these waters which is not a member of the Committee is the United States. It is therefore highly probable Massigli thinks that we will be approached with the request to permit the same control in respect to American ships as is submitted to by all other maritime powers.

At the risk of submitting information already in your possession I am sending the foregoing believing that you would want as much time as possible for reflection as to the policy to adopt in the event that such petition is made.

Cipher text to Paris, London.

WILSON

852.2221/198

The Spanish Embassy to the Department of State

MEMORANDUM

The Spanish Consulate General in New York has been receiving, since August 1936, countless letters from American citizens in which they offer their services to the legally constituted Government of Spain. All of these offers have been declined, as can readily be proved at any time.

As to the special instances of American aviators who have fought and are now fighting in Spain for the Government of the Republic, the Ambassador of Spain in Washington is in a position to affirm definitely, that they were not recruited in the United States but that they dealt directly with the Government, signing at Valencia the corresponding contracts at the expiration of which they received or will receive, as the case may be, the sums of money stipulated therein.

WASHINGTON, January 26, 1937.

852.00/4480 : Telegram

The Secretary of State to the Minister in Switzerland (Wilson)

WASHINGTON, January 26, 1937—7 p. m.

516. Your 377, January 25, 11 a. m. Heretofore the London Non-Intervention Committee has found any direct approach to this Government unnecessary due to a clear understanding of our policy of strict non-intervention in the Spanish situation.

This Government has no legal authority to require American vessels to submit to foreign inspection before proceeding to Spain. Such authority could be granted only by Congress. In fact, however, American vessels have to date played no part in carrying war materials

or volunteers to Spain and it is our understanding that American vessels are not now calling at Spanish ports. We have no reason to believe that they will constitute any problem in connection with whatever measures for more effective non-intervention may be adopted. In any event, the Joint Resolution of January 8, 1937²⁸ makes unlawful the export of arms, ammunition and implements of war from the United States or its possessions to Spain or to any foreign country for transshipment to Spain or for use of either of the opposing forces in Spain.

We have strong doubt that the situation foreseen in your 377 will actually materialize. If it does materialize to an extent where a direct approach to this Government appears likely you may then, but only then, discreetly and confidentially advise such foreign officials as you deem appropriate that, in view of our well-known policy of non-intervention and in view of the very remote possibility that any actual cases involving American vessels may arise, it would be distinctly preferable not to approach this Government before a case actually does arise.

HULL

852.00/4516

Memorandum by the Secretary of State

[WASHINGTON,] January 27, 1937.

The Spanish Ambassador called and, after taking up some other matters, expressed his regrets and those of his Government upon the passage of the recent Resolution, authorizing the President to prohibit shipments of supplies to either of the contending military forces in his country. I repeated to him about what I said to him some months ago when he first arrived here and made a similar complaint. I again emphasized the friendship of our Government towards his people and the friendly relations which we had sought in every way to preserve between his Government and ours. He agreed entirely with my statement and attitude that American people undoubtedly felt that way. I again emphasized that in view of the attitude of the European Governments and the danger of an international clash in connection with the Spanish situation and the non-intervention policy being pursued by France and other known friends of the Spanish Government, there was no other recourse for the United States except to remain aloof.

C[ORDELL] H[ULL]

²⁸ 50 Stat. 3.

852.00/4504 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

BERN, January 27, 1937—6 p. m.
 [Received January 27—4: 20 p. m.]

12. Your 516, January 26, 7 p. m. I had not contemplated that any further developments of this matter would arise in Geneva; had assumed that the approach to us, if any is made, would be through our Embassy at London or perhaps Paris. Should I therefore repeat your 516 to those posts since I have already mailed them cipher texts of my 377? Please reply Legation Bern.²⁹

WILSON

852.00/4506 : Telegram

The Chargé in the United Kingdom (Atherton) to the Secretary of State

LONDON, January 27, 1937—7 p. m.
 [Received January 27—4: 15 p. m.]

31. In discussing this afternoon the present status of the Spanish situation the Foreign Office stressed where the British policy from the beginning had been based on avoiding a general European conflagration. The only hope for the introduction of effective control, in the Foreign Office opinion, lay in the actual measures the Governments concerned were willing to impose within their own territories and ports of embarkation. If in tomorrow's meeting of the Non-Intervention Committee it is obvious the Governments concerned are not animated by a genuine desire to further effective control, the British Government have no idea of accepting the principle of blockade in an attempt to enforce effective cooperation among reluctant Governments. The dangers inherent in a policy of blockade might bring about the very conflagration the British are anxious to avoid.

The Foreign Office pointed out the French Government has agreed to the establishment of a control on the Franco-Spanish frontier but that Portugal has not as yet. Copy to Paris and Rome.

ATHERTON

852.00/4526 : Telegram

The Chargé in the United Kingdom (Atherton) to the Secretary of State

LONDON, January 29, 1937—6 p. m.
 [Received January 29—3: 43 p. m.]

37. Yesterday's meeting of the Non-Intervention Committee ended with the decision to refer to the various Governments for instruction and to meet again on Tuesday next.

²⁹ On January 28, 1937, the Minister was instructed to repeat telegram No. 516 to London and Paris.

The scheme under consideration entailed the introduction of legislation by each country against "volunteers" and a system of control; this latter to be established either at the ports of embarkation or a neutral port or ports designated where all vessels must submit to an inspection and apply for a certificate to visit Spanish ports. The Spanish coast would be patrolled by naval vessels and any infringements of this control system reported immediately to the London Non-Intervention Committee. Roughly the German and Italian fleets would patrol Mediterranean ports together with the British who would also patrol the Gibraltar area. The French would patrol the northern ports. Likewise the Portuguese, Spanish and Franco-Spanish land frontiers were to be patrolled.

Three great difficulties arose (first) Portugal was adamant as to her good faith and that she would not permit foreign patrol of her border, (secondly) the French did not wish their navies to patrol the Franco ports and, (thirdly) the Soviets were anxious to bring their fleet from the Black Sea. Apparently the attitude of the Germans and Italians was most correct and even helpful.

The Foreign Office points out the difficulties of the situation especially since no one nation trusts another and that even in the present month Italian volunteers are reported as landing in considerable numbers at Cadiz. However, the Foreign Office considers that all the nations represented in the Committee appear desirous of liquidating the Spanish situation to some extent and is accordingly hopeful that these present deliberations of the Committee may not be entirely fruitless.

The question of Spanish gold in France was not raised yesterday but the Foreign Office understand the Soviets are willing to modify their former position and permit discussion of this question.

Copy to Paris and Rome.

ATHERTON

852.00/4539 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, January 30, 1937—1 p. m.

[Received 3:12 p. m.]

131. A member of my staff had a conversation yesterday afternoon with Alvarez del Vayo, the Spanish Minister for Foreign Affairs, who has been in Paris for a few days. Alvarez said that he had no fear for the safety of Madrid since the city was now amply protected by fortifications which had been constructed in the outlying districts under the direction of competent foreign engineers. He said that

his Government would welcome an agreement on the part of other Governments to prohibit volunteers going to Spain since he was convinced that if the situation were frozen as at present the Government forces would win. He also said that he would be prepared to sign immediately an agreement for the withdrawal from Spain of foreign volunteers now serving there provided, of course, that such volunteers were withdrawn from both sides. He said that the international brigade had been doing valiant service for the Government and that it numbered about 15,000 men; however, the Government forces had ample reserves in men, these men had become well trained soldiers through the past months of fighting and the assistance of this international brigade was not essential to the success of the Government. In reply, however, to an inquiry as to whether the recent reports of a mass naturalization of foreigners serving with the Government was correct, he stated that no such mass naturalization had taken place but that of course the Spanish Government could not send out of Spain foreigners who had been giving their best services for the defense of the Government cause and who would find it impossible to return to their country of origin.

In response to an inquiry as to how much unity really existed among the different elements composing the Government party and as to what control was exercised from Valencia, he said the following:

Recently an arrangement had been worked out and was now functioning in accordance with which delegates from the Basque provinces from Catalonia and from Valencia were meeting regularly together and coordinating plans for defense and for bringing about greater unity among these different groups. He said that 2 weeks ago before going to Geneva he had been in Barcelona and had been much struck by the change in sentiment there since his last visit in the sense of greater recognition of the fact that their future was bound up with that of the Government at Valencia and that efforts must be made to assist and work with the latter. He said that he was convinced that out of the eventful triumph of the Government forces would emerge a Spain which would not be Communistic but which would gradually take the form of a liberal Socialist Republic with strong army, a strong navy determined to defend itself and prohibit any foreign intervention whatsoever.

In reply to a question as to German and Italian assistance, he said that he supposed that it would be good propaganda for him to state that there were thirty to fifty thousand German and Italian troops in Spain. However, he personally did not believe this and was of the opinion that there were only between ten and fifteen thousand Germans and Italians there; these, however, were not soldiers but were all experienced technical men, aviation pilots, artillery officers, engineers, et cetera. He said that the effectiveness of the assistance

rendered by these experts was seen in the improved artillery fire of Franco's troops in the last attacks on Madrid. He said that in order to capture Madrid Franco would need at least 80,000 additional well trained troops; that most of Franco's original Spanish troops who had at the outset fought with great courage and tenacity had by now been killed, and that the Moorish troops were no longer as effective due to the cold weather to which they were not accustomed. He admitted that the Government forces had been unsuccessful in all their offensive actions; he said that this was due largely to lack of ammunition. He said that there had been a brief period when the Government had been greatly concerned that Madrid might be captured because of lack of ammunition; however, Catalonia had come to the rescue and had been able to obtain and furnish enough ammunition to enable the Government forces to defend the city.

With reference to statements that are made in some quarters that Russian influence exerted through Rosenberg³⁰ is all powerful in the Valencia Government, Alvarez laughed and said that it occurred to him at times that it might be helpful if this were true since the Spaniards are unfortunately inveterate individualists and find it difficult to organize and work together; these stories, however, were entirely untrue.

He said that he was very glad to state that he had had no difficulties with either the British or the American Embassies regarding the problem of political refugees in the diplomatic missions. He said that there had been gross abuses of the so-called right of diplomatic asylum and that he had absolute proof that arms had been smuggled into missions harboring political refugees and detailed plans worked out for these refugees to make a sortie and fall on the Government troops from behind when they were being attacked severely by Franco's forces. He was much pleased with the arrangement he had negotiated with Argentina for the evacuation of people who had taken asylum at the Embassy and hoped to work out similar bilateral arrangements with other powers.

During the conversation and again at the end thereof he referred in the highest terms to Wendelin³¹ and the manner in which he had conducted himself in Madrid and Valencia. At the same time he said that he wished to maintain the closest relations with the United States Government and he stated (this is repeated for whatever it may be worth) that it would be very helpful to the Spanish Government if a diplomatic representative of higher rank were maintained by the United States at Valencia.

BULLITT

³⁰ Marcel Rosenberg, Soviet Ambassador in Spain.

³¹ Eric C. Wendelin, Third Secretary of Embassy in Spain.

852.2221/224

The Spanish Embassy to the Department of State

No. 132/17

MEMORANDUM

Information has come to the attention of the Ambassador of Spain to the effect that the Department of Justice has been investigating the purported recruiting of aviators by the Spanish Consulate General in New York for service in Spain.

On January 26th, 1937, the Ambassador submitted to the State Department a memorandum covering his information as of such date with regard to this problem.

There have come to his attention today, the originals of contracts executed by a few of such aviators in Spain with the Government of the Republic. These contracts indicate that these aviators appeared before the Spanish Consulate in New York and that they expressed their desire to offer their services. However, these aviators have neither spoken with or seen the Consul, nor have their services been hired, retained, or solicited by any persons now affiliated with the Spanish Consulate General in New York.

The Embassy of Spain begs to request that, in the event of there being any information available to the contrary, such information be transmitted to the Embassy before any proceedings be taken against any of the persons affiliated with the Consulate General of Spain in New York. In the event the information on the basis of which the Department of Justice intends to proceed is incorrect, the procedure suggested above would avoid extremely unfortunate publicity and would offer the Embassy of Spain an opportunity to make clear any misinformation or misconception to this respect.

WASHINGTON, February 1, 1937.

852.00/4547 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, February 1, 1937—9 p. m.
[Received February 1—6: 15 p. m.]

42. My 38, January 30, 1 p. m.³³ Count Ciano informed me this afternoon that the latest British note on the Spanish situation contained no new proposals and was rather an acknowledgment of Italy's note of January 25 than as containing anything new of substance. The British representative on the International Non-Intervention Com-

³³ Not printed.

mittee had, he said, suggested the date of February 22 for the further consideration of the necessary control measures. The Italian representative had objected to postponing the discussions inasmuch as Italy was ready immediately to deal with these questions. Furthermore, Count Ciano indicated that Italy was ready to go to almost any limits to stop the movement of volunteers into Spain provided the other governments took similar effective steps and as an indication of the spirit in which his Government desired to proceed he mentioned that Italy would accept international supervision of Italian airports.

He referred to the difficulties which had arisen owing to the refusal of Portugal to accept international frontier control and that at the suggestion of the British Government the Italian Government together with the French and German Governments were endeavoring to bring pressure to bear on Portugal to fall into line.

In reply to my inquiry as to General Franco's present situation Count Ciano said that within a few days he thought there would be a forward and effective movement on Franco's part though he did not commit himself as to whether this movement would take place in the neighborhood of Madrid or elsewhere. He reiterated his conviction that Franco's position was highly satisfactory.

PHILLIPS

852.00/4668 : Telegram

The Chargé in the United Kingdom (Atherton) to the Secretary of State

LONDON, February 12, 1937—7 p. m.

[Received February 12—4 p. m.]

63. My 48, February 5, 7 p. m.³⁴ The Non-Intervention Committee adjourned today until Monday. Discussions this week have dealt, first, with the continued refusal of the Portuguese to permit the establishment of a control on the Portuguese-Spanish land frontier, and secondly, control by sea, since the Soviets have put forward a request that Soviet warships should be associated with the other powers.

The refusal of the Portuguese Government is embarrassing to Blum in accepting any control on the Franco-Spanish frontier. The Foreign Office stated that the French Consul General in Barcelona counted arrival of 8,000 volunteers from France during the month of January and the Foreign Office considers this is only a part statement.

To meet the Soviet contention, the Technical Committee of the Non-Intervention Committee is considering a plan for control by the warships of only four powers, omitting the Soviets and one other power, possibly Germany or Portugal.

³⁴ Not printed.

The Foreign Office, however, was willing to admit these discussions might be entirely academic in view of Franco's success. The Foreign Office understands there is basis for the rumor that the Catalonians (as opposed to the Anarchists in Barcelona) have opened secret discussions with Franco. The Foreign Office confirmed my understanding that Ambassador Chilton is in contact with the Burgos government "as occasion requires." In the recent trade conversations a Board of Trade representative was sent out direct from London to Burgos.

I understand the German Ambassador in his visit at the Foreign Office yesterday stated his desire to go over in detailed explanation any parts of Herr Hitler's recent speech that seemed to require clarification and that the visit was without incident.

The Foreign Office stated the present French economic situation was still causing concern.

ATHERTON

852.00/4671 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, February 13, 1937—noon.

[Received 2:30 p. m.]

X-501. My [X-]499, February 12, 6 p. m.³⁵ Today's papers report the approval by all political parties and syndical organizations of the following program :

1. The Government to possess all powers.
2. General mobilization and compulsory military service.
3. Intensification of work on coast defenses.
4. Creation of war industries under Government control.
5. Unified command.
6. Fulfillment of its functions by council of war.
7. "Purification" of all important military commands placing in them persons of absolute ability and loyalty to the present state.
8. All arms to be in charge of Government.
9. Establishment of efficient maritime and coast guard services.
10. Restoration of effectiveness to police force.

No mention is made of the dangerous proposal to curtail the display of the social-political flags and emblems.

The response to the U. G. T.³⁶ invitation to participate in tomorrow's "manifestation" appears to have been unanimously favorable with the exception of the F. A. I.³⁷ which has refused. The official organ of this

³⁵ Not printed.

³⁶ Union General de Trabajadores.

³⁷ Federación Anarquista Ibérica.

organization continues its defiant tone and in an editorial today states that there is no institution in Spain superior to the C. N. T.,³⁸ U. G. T., and F. A. I., and rejects the idea of amalgamating their armed forces with those of the Government—which it says must be changed.

THURSTON

852.00/4693 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, February 15, 1937—6 p. m.

[Received 8:55 p. m.]

212. In conversation this morning with an official at the Foreign Office we were told that the French Government is greatly concerned over the question of foreign intervention in Spain. They have definite information that large numbers of Italian soldiers have recently landed in Spain and are continuing to leave Italy for Spain: also that important shipments of artillery, airplanes, and munitions are being sent to Spain from Italy and Germany.

This official said that France was being placed in "an impossible situation" regarding this matter. He said that the last thing that the French Government wanted to do was to regain freedom of action and openly permit shipment of war material and passage of volunteers to Spain as Italy and Germany were now doing. He said that if the Italians and Germans continued in this way and if no agreement could be reached in the London Committee where Portugal doubtless on behalf of others was blocking agreement he said that the Government was at present considering the advisability of taking a strong attitude and "threatening" that if Germany and Italy continue to send troops, et cetera, to Spain, the French Government would resume its freedom of action. The trouble with this, he said, was that if the "threats" proved ineffective the French Government would then be obliged to abandon its nonintervention policy and this the French Government had no desire nor present intention of doing.

This official stated that the Spanish situation had again become extremely serious—"as serious as at any time during last summer". He went on to say that there seemed to be good reason for believing that the Italians and Germans had come to some sort of an understanding under which Italy would take the lead in the Spanish situation and Germany the lead in Central Europe. In this connection he stated that the Foreign Office had the impression that efforts to isolate Czechoslovakia particularly as regards Poland and Rumania were meeting with some success.

BULLITT

³⁸ Confederación Nacional de Trabajo.

852.00/4708 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, February 16, 1937—8 p. m.

[Received 8:32 p. m.]

222. Referring to our 212, February 15, 6 p. m. While the Foreign Office is relieved at the action of the London subcommittee yesterday in setting February 20 as the date for stopping volunteers for Spain, they state that their information is to the effect that Grandi³⁹ in agreeing to this proposal may have gone a little further than his instructions authorized and that there is an unfavorable reaction in Rome. Furthermore, commenting on stories in the London and Paris press this morning that Italian agreement in London yesterday came about as a result of "threats" made by France to resume freedom of action unless immediate progress was made regarding non-intervention, the Foreign Office states that these stories are wholly without foundation. They say that neither Corbin in London nor Blum in his talk yesterday with Cerruti⁴⁰ made any "threats" whatsoever regarding resuming freedom of action and that they only continued to urge the necessity of setting the earliest possible date to make non-intervention effective. The Foreign Office states that these press stories are also causing an unfavorable reaction in Rome and they are somewhat doubtful whether the ban on volunteers will really be made effective as of February 20. They are much more doubtful, in fact, quite skeptical, whether the entire scheme of control can be put into effect on March 6.

Copies to London, Rome, Berlin.

BULLITT

852.00/4725 : Telegram

The Chargé in the United Kingdom (Atherton) to the Secretary of State

LONDON, February 17, 1937—6 p. m.

[Received February 17—2:10 p. m.]

73. On Monday the London Non-Intervention Subcommittee reached provisional agreement that the prohibition of volunteers should begin at midnight on Saturday next, and that the control scheme for Spain should come into operation at midnight March 6th. However, up to the present moment the Portuguese Ambassador has received no instructions from his Government to permit him to accept foreign observers on Portuguese frontiers (see my telegram 63, Feb-

³⁹ Count Dino Grandi, Italian Ambassador in the United Kingdom.⁴⁰ Vittorio Cerruti, Italian Ambassador in France.

ruary 12, 7 p. m., and previous). Although the various countries on Monday had accepted the prohibition of volunteers independently of the matter of control, in yesterday's meeting the French Ambassador stated that he was unable now to accept one provision without the other, and that in view of the necessity for passing necessary legislation to render the provision regarding volunteers effective before next Saturday, the French desired immediate action.

Foreign Office informs me British Government are in an embarrassing position since the Portuguese Ambassador has informed them that his Government is willing to accept British observers attached to the British Embassy in Lisbon, but that the British Foreign Office is not free formally to advise the Non-Intervention Committee this. Furthermore, the British Government do not yet know what, if any, conditions will be imposed upon British observers so designated although the Portuguese Ambassador is hoping for instructions from his Government to discuss this at the Foreign Office today. If the matter is not cleared up immediately a postponement for the prohibition of volunteers from Saturday next to a later date may be necessary.

In the matter of control the Non-Intervention Technical Subcommittee is still considering detailed plans for cooperation in a naval cordon and until the recommendations of the Technical Committee have been reported, it has been urged that the various governments representatives on the Committee should refrain from any statements. (This particularly applies to participation by Soviet warships.)

The Non-Intervention Committee is scheduled to meet again tomorrow.

Official circles continue to express concern over the French economic situation, especially as Germany is reported as hopeful it may bring about the fall of the Blum Government.

Copy to Paris.

ATHERTON

852.00/4746

Memorandum by the Secretary of State

[WASHINGTON,] February 18, 1937.

The Minister of Portugal ⁴¹ came in and said that his Government was opposed to the blockading of Portugal, as proposed by the non-intervention nations in their recent conferences at London and Paris. He denied that there had been any soldiers or supplies transported across his country to Spain for either side engaged in the fighting.

⁴¹ João Antonio de Bianchi.

He indicated that his country did favor the Franco movement on account of Bolshevism.

The Minister then said that it was rumored that the St. Germaine Treaty ⁴² might be taken up for further discussion at the instance of the United States Government. I replied promptly that I had not heard that subject mentioned by any person, and that, of course, it was not true in the slightest.

I expressed my gratification at the kindness of the Minister in coming in and giving me the benefit of the information about the proposed blockade of Portugal by the twenty-six nations which are proposing to blockade Spain. I made it clear that this Government had pursued its own separate, individual and independent course of aloofness from all phases of the Spanish situation since the beginning, and that it would, of course, continue to do so.

C[ORDELL] H[ULL]

852.00/4828

The Portuguese Legation to the Department of State ⁴³

PRO MEMORIA

The policy of the Portuguese Government during the recent European situation has been characterized by the frank exposé, from the very outset, of their views and objectives, portrayed repeatedly in diplomatic documents, oral addresses at international meetings, official statements and embodied, when necessary, in legislative measures.

2. In the Spanish crisis, Portugal necessarily holds a special position directly resulting from her geographical situation in the Peninsula, and from the facts, dangers and policies that, owing to such a situation, directly affect her. The outstanding and highly significant facts may be summarized as follows: our traditional policy of strict non-intervention in Spanish affairs; the Russian propaganda and openly proclaimed intention of the establishment of bolshevism in the Peninsula; the necessity of protecting ourselves against the danger of the establishment of a bolshevistic regime in Spain; the principle, which is part of the program of the extremist forces of the popular front, of an Iberian federation of soviet socialist republics with the inclusion, by force, of Portugal; the support that, since the beginning of the conflict, the marxist forces received from responsible quarters in other countries; the outrages against life, liberty, property and

⁴² *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3149.

⁴³ Received in the Department of State on February 23, 1937.

churches that preceded the Spanish uprising; the predictions of the Portuguese Government, communicated to other Governments, as to the course that events would follow.

3. From the developments of the crisis other relevant facts and events must be borne in mind: Portugal gave her adhesion to the agreement of non-intervention in spite of her conviction that the agreement was illusory and did not correspond to the real purposes of several Governments; on giving her adhesion, Portugal made from the outset certain reservations, namely, regarding the enlistment of volunteers and the operation of subscriptions [*conscriptio*ns?], but such reservations have been systematically ignored or forgotten; our participation in the London Committee, the efficiency of which we did not hesitate to doubt and to say so, was prompted by the assurances that it was an essential condition for the carrying out of the non-intervention agreement; the definition we asked for as to the limitations of the Committee's competence and the rules of procedure, having been assured that no resolution would be imposed unless accepted by the respective delegates; the slanderous campaign started in Red Spain against Portugal and the Portuguese Government; the invasion of Portuguese territory by armed Spanish militia that kidnapped from Portuguese estates Spanish refugees who were taken back across the border and shot, no explanation or excuse having been forthcoming from the Madrid Government for these outrages; the safe return on a Portuguese liner, at the expense of the Portuguese Government, to the Spanish port indicated by the Madrid Government, of all the red refugees that had been driven into Portugal; the liner was received at Tarragona with hostility and after the refugees had been landed an attempt was made to raid her, forcing the escorting destroyer to clear for action and dress her guns; a mutiny was fomented on board the Portuguese men of war that had been stationed at Alicante in an attempt to make them join the ships of the red fleet; the severance of diplomatic relations with the Madrid Government as a result of all these and many other acts, yet we have not up to the present, recognized General Franco's Government; accusations against Portugal presented by the Madrid Government to the London Committee which found them to be unjustified and groundless; successive attacks by Russia on Portugal, both in the Committee and the world press.

4. Regarding the question of volunteers, now given special prominence, Portugal declared that, in spite of the fact that we know that there are not more than a few dozen Portuguese volunteers in Spain, the Government is prepared to adopt severe measures on the lines of those that other countries may adopt, but the Portuguese Government is unable, as a question of principle and owing to the fact that

public opinion would not allow it—and public opinion is, according to our Constitution, “a fundamental element of the policy and administration of the Country”—to accept the international supervision of her land frontiers as it would be too dangerous a precedent for a small country to accede to.

5. Such are the outstanding facts.

6. The Portuguese Government has always understood, felt and declared from the outset, that the problem in Spain is not merely an armed conflict between two parties, but the struggle of two civilizations or, more adequately, between civilization and barbarism.

7. The Portuguese Government has always been convinced that should the nationalist forces be vanquished by the forces supporting the Madrid Government, the latter would be dominated by communists and other extremist elements that in turn would be at the service and orders of foreign elements, that is to say of Russia, this has happened even though no such victory took place.

8. As regards mediation, we have expressed the views that to stop the struggle without victory on one side, to be followed by the formation of a strong and generous Government, would be to deliver Spain of her present evil but to prepare her to endure a much worse one in the near future.

9. The Portuguese Government understands that it is not only necessary but important to bear in mind not only the conditions of war in Spain but also the conditions of peace, that is to say not only the horrors of the fighting but also the horror of the crimes perpetrated when there still was no fighting and committed in places where there is no fighting even today. Such demeanor claims to represent a doctrine and a policy with the right to stand on the same level as the policies and doctrines as conceived by our western civilization.

10. Our foreign policy remains faithful to the old alliance with Great Britain which has for so long been its basis, but we can not subordinate such a policy, on points that are vital to us, to mere considerations of international policy to which other Governments may be compelled to take into consideration.

11. Our policy as regards Spain is, therefore, individual, and the result of our situation and not the outcome of agreements with other countries.

12. In the midst of this turmoil, rumors implying the existence of certain more or less secret agreements regarding our Colonies have been circulated and have been once more most emphatically denied, as no sort of agreements are entertained regarding either our Colonies or our dispositions in the Atlantic and the East. Such campaigns maliciously creep up every now and then and are prompted by concealed designs that unscrupulously take advantage of the slightest excuse and persist in ignoring our repeated denials.

13. Our Colonial policy is to welcome all initiatives that may be integrated into our national economy; we do not wish to entertain foreign and independent influences within the realms of our sovereignty, but welcome all and every one in a spirit of collaboration for the advancement of civilization.

14. All that may be said, and much that has been written contrary to the above, may be discarded as either malignantly inspired or ignorantly speculative.

WASHINGTON, February 18, 1937.

852.00/4749 : Telegram

The Chargé in the United Kingdom (Atherton) to the Secretary of State

LONDON, February 19, 1937—7 p. m.
[Received February 19—4:05 p. m.]

80. Foreign Office understands interested governments are taking necessary steps that prohibition of volunteers be effective midnight February 20.

Non-Intervention Committee met yesterday and again this afternoon. French Ambassador continued to raise objections but Foreign Office considers this for internal reasons in view of the necessary legislation for prohibition of volunteers.

Portuguese Government has agreed to accept British observers attached to the British Embassy in Lisbon at Portuguese frontier (and Portuguese ports), under the same conditions as it is proposed to establish controls on Franco-Spanish frontier and this action of the Portuguese Government has been generally accepted. The details of cooperation for a naval cordon are under discussion by the Committee at this moment.

ATHERTON

852.00/4989

Report of the Military Attaché in France (Fuller)

No. 23,216-W

At a lunch with the German Military Attaché and one of the First Secretaries of the German Embassy, the following information was obtained:

1. The German Military Attaché estimated that at the present moment there were between 40,000 and 50,000 Italians with General Franco's Army and about 30,000 Germans. He stated that the Italians

and Germans handled the supply system for the White Army and that German and Italian transportation was exclusively used.

He believed that General Franco now had sufficient men, supplies and transportation to overcome all resistance and would win in the near future. He also stated that the food shortage was becoming acute on the Red side and but little, if any, was being received through the ports. He stated that the blockade of the ports was now very effective.

2. The German Military Attaché again stated that the German planes and tanks sent to Spain were somewhat of a disappointment. He also said that their pilots were insufficiently trained and that it would require many months to bring them up to a state of reasonable efficiency.

3. When questioned about Germany's aims with respect to the return of her colonies, the First Secretary stated that it was more for reasons of prestige than one of economics, although the latter was very important. The Military Attaché intimated, without making a positive statement, that the General Staff now felt that colonies that could not be defended were a liability and not an asset. That none of the colonies that belonged to Germany before the war were of value as England would always be between Germany and those colonies.

H[ORACE] H. FULLER
Lt. Colonel, F. A.

PARIS, February 23, 1937.

852.00/4816

Memorandum by the Secretary of State

[WASHINGTON,] February 24, 1937.

The Spanish Ambassador came in and protested very earnestly against the attitude of the State Department in opposition to the issuance of passports to certain American doctors and nurses who propose to take medical supplies to Spain and dispense them there. I went over the entire neutrality rules with the Ambassador, reminding him that the Red Cross was the one neutral agency in each country to dispense medical and other humanitarian aid. I concluded by saying that while the matter had been given full consideration I would reexamine one or two phases, in order to show my deep interest in the problem presented, but that of course I could not hold out any particular hope that our decision would be changed.⁴⁴

C[ORDELL] H[ULL]

⁴⁴ For statements regarding the issuance of passports, see Department of State, *Press Releases*, March 6, 1937, p. 125; March 13, 1937, p. 139; and March 20, 1937, p. 154.

852.00/4870 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, March 5, 1937—10 a. m.

[Received March 5—9 : 45 a. m.]

X-529. Following last night's meeting of Council of Ministers the statement quoted below was made public:

"The Government of the Republic, which of the opinion that no comparison can be drawn between those who convinced of the justice of the Republic cause spontaneously came here to fight under its flags thus defending at once the liberty, and the peace of Europe and those who belonging to units of the armies of the totalitarian states were sent in obedience to specific orders of their respective Governments to uphold by force of arms the military rebellion, resolutely accepts the idea of the reembarkation of all the foreigners who on the side of the Government and on the side of the rebels participated in the present struggle—an idea to which clear allusions have been made by the Foreign Ministers of France and Great Britain in their last addresses before the French Senate and the House of Commons. The Government of the Republic makes its own that initiative, and declares itself disposed to cooperate toward its realization once the indispensable reciprocity has been assured".

Repeated to Ambassador Bowers.

THURSTON

852.00/4871 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, March 5, 1937—noon.

[Received March 5—9 : 56 a. m.]

92. The *Stampa* last night carried the following despatch from Rome:

"Italian political circles are unfavorably impressed by the frequent reports published in the French press itself of continued infractions of the Non-Intervention Agreement of February 20. Should this information be confirmed it is evident that protests are to be expected on the part of those powers who in good faith signed and are respecting the Non-Intervention Agreement".

No sailings from Italy of vessels carrying volunteers have so far been reported since February 20 although rumors persist here to the effect that the Italian nonintervention measures are not being strictly observed and even reports have reached the Embassy of attempts of a very recent date to obtain volunteers for service in Spain. It seems more likely, however, that these reports refer merely to preparations being made for the eventual shipments of troops if it is established

that other countries are not living up to their obligations. In this connection it is interesting to note that the Italian press is now publishing reports pointing toward French, Belgian and Russian infractions of nonintervention measures. The Minister for Foreign Affairs was noncommittal in his reply to my inquiry in my last conversation with him as to whether he was satisfied with the control measures against volunteers for Spain.

PHILLIPS

852.00/4872 : Telegram

The Chargé in France (Wilson) to the Secretary of State

[Extract]

PARIS, March 5, 1937—2 p. m.

[Received 2:35 p. m.]

311. I am told at the Foreign Office that they are reliably informed by their Consul at Gibraltar that on February 28 Italian "volunteers" in important numbers were landed at Cadiz. My informant said that while this might appear unbelievable in view of the fact that the international agreement banning volunteers had gone into effect one week earlier nevertheless "in the state of utter cynicism and lack of regard for obligations existing in Europe today nothing should be unbelievable".

WILSON

852.00/4873 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, March 5, 1937—5 p. m.

[Received March 5—2:15 p. m.]

119. My 98, February 25, 5 p. m.⁴⁵ Technical Subcommittee still discussing details not yet determined as to the status of observers for prohibition of volunteers (however Anglo-Portuguese agreement has been completed); also details of main London Supervising Committee including personnel, reporting and the appointment of observers in connection with the establishments of controls.

However, it is hoped a final draft agreement may be completed tonight and accepted by the full Non-Intervention Committee tomorrow March 6th.⁴⁶ There is, however, little hope that the estab-

⁴⁵ Not printed.

⁴⁶ See British Cmd. 5399, Spain No. 1 (1937): *International Committee for the Application of the Agreement Regarding Non-Intervention in Spain, Resolution Adopted by the Committee Relating to a Scheme of Observation of the Spanish Frontiers by Land and Sea, London, March 8, 1937.*

lishment of the naval cordon may be effective before 2 or 3 weeks. Meanwhile Foreign Office regrets that (1) French are not more open in their statements regarding the Franco-Spanish-Moroccan frontier and (2) that without observers on the Franco-Spanish frontier the effectiveness of the prohibition of volunteers which was to come into force February 20 may be questioned.

BINGHAM

852.00/4977

Memorandum by the Assistant Secretary of State (Moore)

[WASHINGTON,] March 15, 1937.

This afternoon the Spanish Ambassador called and presented the memorandum addressed to the Secretary hereto attached⁴⁷ which as he explained draws attention of our Government to the alleged fact that there are a very large number of troops of the regular army of Italy now in Spain fighting under the Franco colors. He talked a good deal about it being extraordinary that Franco is now receiving the assistance of a very large number of soldiers sent into Spain from Italy and Germany and he is inclined to predict that the downfall of Fascism would date from the defeat of the rebels in Spain even though having the assistance of soldiers from the Fascist countries just as the downfall of Napoleon dated from the defeat of the Spanish Bourbons in Spain who had the assistance of French soldiers.

He said he might mention privately but would do so officially if necessary that the liberal governments of Europe are distrustful of the International Red Cross.

The Ambassador seemed very optimistic as to the outcome of the crucial struggle now in progress in Spain. One thing he said which is very interesting if true that just as the French soldiers more than a hundred years ago did not seem intensely interested in fighting in Spain so now the Italians indicate anything but an intense mood by the way in which they fraternize with the Spanish soldiers.

R. W[ALTON] M[OORE]

852.00/4955

The Spanish Ambassador (De los Rios) to the Secretary of State

[Translation]

No. 133/19

WASHINGTON, March 15, 1937.

MR. SECRETARY: In the name of the Spanish Government which I have the honor to represent, it becomes my duty to hand to Your Excellency, for the information of the United States Government, a detailed memorandum regarding the composition of the Italian

⁴⁷ *Infra.*

army corps which, without previous declaration of war, has invaded Spain, is fighting against the lawful Government thereof, and is cooperating with a considerable number of officers who have broken their oath and their word, in the work of material and moral destruction of my country.

My Government calls Your Excellency's attention to the extremely grave character of Italy's action: the breakdown of the plainest legal standards of international life and the moral collapse of that institution which more than fifty peoples established for common safety, an institution stricken with dumbness, it is now added, because of the action alluded to; the most barefaced violation of the agreements recently adopted by twenty-seven peoples. The Spanish Government appeals to the conscience of all rulers and all nations which, being really convinced of the necessity for a minimum of justice, may like to place a check on the unruliness of some governments which have made outrage and violence the standard of their international policy. These Governments, in adopting such a motto, have acquired the historic character of public enemies of the peace of the world.

This, Mr. Secretary, is the composition of the Italian army corps that is fighting against my country on the front north of Madrid:

"The statements of Italian officers and privates taken prisoners recently in the Guadalajara sector irrefutably confirm the presence of regular military units of the Italian army that are fighting on Spanish soil. From the said statements it appears that during the month of February the Italian ship *Sicilia*, as well as several others, landed at Cadiz with numerous Italian regular troops, armed and equipped. They were concentrated at the port of Santa Maria and then taken to the Guadalajara front. The offensive is being conducted by four regular divisions of the Italian army, and also by two special brigades, one German and the other a mixed one of Germans and Italians, and four motorized companies of *carabinieri*. Each division has two regiments of three battalions, and each battalion has three rifle and automatic rifle companies, besides a machine gun company. Each regiment [has] a mortar platoon and a battery of seventy-fives. Each division, moreover, is composed of a regiment of artillery, with nine batteries of four pieces, with trucks and tractors and an anti-aircraft battery. Furthermore, one battalion of fifty tanks with machine guns and cannon and a gas and flame throwing company, Pontoniers, sappers, radio operators, medical corps men, etc., etc. All the divisions are motorized, and each battalion has sixty trucks. Each division has a park of reserves. The numbers of some battalions are known. The air force is composed of three German and four Italian squadrons of twelve craft each, pursuit and bombing planes, the makes of the Italian planes being Fiat, Savoya and Romeo. This special corps is commanded by General Mangini at Algora, General Bergonzoli at Briguega [*sic*], and General Nuvolini at Almadrones. Furthermore two other Italian divisions are expected. The Command purposes to take Madrid and, simultaneously, the Italian and German fleets will attack Barcelona and Valencia under pretext of vigilance.

"Such acts, besides constituting aggression against the territorial integrity and independence of Spain, presuppose recourse to a new form of war without prior declaration, already denounced by Spain's representative in the League of Nations. The Government of the Spanish Republic has also brought the facts above cited to the knowledge of the League of Nations and the Governments of France and England."⁴⁸

I avail myself [etc.]

FERNANDO DE LOS RIOS

852.00/4948 : Telegram

The Consul at Gibraltar (Williams) to the Secretary of State

GIBRALTAR, March 16, 1937—10 a. m.

[Received March 16—7:05 a. m.]

The following information was given British Intelligence Service by an Englishman who had deserted Spanish Government forces and who came to Gibraltar a few days ago from Castellon.

On February 18th an American battalion 450 strong arrived near Chinchon between Madrid and Valencia. Said to be fully armed and equipped. He added that he had been wounded, and cared for at an American dressing station February 23rd 50 kilometres behind the lines.

WILLIAMS

852.00/5051

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

No. 1266

ST. JEAN DE LUZ, March 16, 1937.

[Received March 31.]

SIR: I have the honor to report that the disclosures of the past week have reduced to utter mockery the pretension that the war in Spain is anything other than a foreign war of the Fascist Powers against the Government of Spain. There are now thousands of the regular Italian army on the Guadalajara front and under the command of Italian Generals, who are the real directing command. With the Italian army are a much smaller number of German soldiers. These, from all accounts, have taken precedence even over the Moors, on whom Franco has formerly depended for his hardest fighting.

The capture of a considerable number of Italians and two Germans, all of whom have been seen and interviewed in their prison by press correspondents, discloses the fact that these Italians are actually in the uniforms of the Italian army. An Italian lieutenant, belonging

⁴⁸ In notes dated March 13, 1937.

to a machine gun battalion of a division ostensibly intended for Abyssinia, frankly said that he was receiving sixty lire a day from the Italian Government, and 500 pesetas a month from the Spanish insurgents. He reported that the privates under him are receiving five pesetas a day from the Franco forces, with three deducted for food, and that twenty lire a day are paid their families at home by the Italian Government. One German and one Italian soldier said that they were in Spain "to plant fascism" there. Others said that they had been told they were being sent to Spain to fight the Russians, but all admitted they had seen no Russians.

These Italian prisoners report that they arrived in Spain fully equipped and that they had brought with them from Italy the war material they were using on the Guadalajara front.

Since the day set by agreement with both Italy and Germany for discontinuing the sending of men or war material, it is believed here that more Italian soldiers have been landed at Cadiz on February 28; and there appears no doubt but that German war material, tanks, field guns, machine guns, and ammunition have arrived since the agreement went into effect.

Among my anti-Government colleagues it is commonly said, with evident approval, that the interminable delays in putting the agreement into operation were deliberately designed to give Italy and Germany, particularly the former, full opportunity to rush in enough soldiers to assure victory for Franco. It is understood here that when Mussolini sent in his sixty to eighty thousand soldiers it was with warning to Franco that unless he could win with these the Spanish adventure was over.

The maneuvers of the insurgents and their foreign allies on the Guadalajara front are in striking contrast with those usually, and up to this time exclusively, employed by Franco, and the change is generally ascribed to the conviction that the Italian Generals are in complete command.

Despite the fresh trained armies from abroad, and the great superiority these enjoy in equipment, the sweeping advance of the insurgents on the first day has been checked, and a portion of the Italian army put to rout, with loyalist planes machine-gunning them in their flight; and tanks and machine guns were captured along with the soldiers now imprisoned in Madrid.

However, the feeling that exists among the insurgents, as I personally know from conversation with them here, and from over the line, that it is now or never, together with their superiority in equipment and the presence by the thousands of the veterans of Abyssinia, convinces me that the Government is now facing its supreme test, and that only a miracle can prevent the complete encirclement of Madrid.

II

The agreement for the guarding of the frontier by land and sea, with the Italian and German warships given a monopoly on the Mediterranean coast from Alicante to Barcelona, constitutes another grave menace to the Government. No one has any doubt that under the cover of darkness the navies of Italy and Germany will be used with deadly effect in the shelling of the coast towns. Naturally the insurgents will insist that the shelling is done by insurgent vessels. But no one believes for a moment that this has been true up to the present time. The insurgent Spanish ships have shown ludicrously poor marksmanship for eight months; the shelling of Valencia and Barcelona in the night has shown very superior marksmanship. No one doubts that this has been the work of the Italian ships in the waters of Valencia and Barcelona. This feeling rests not only on the marksmanship but on the fact that the shells show Italian origin. In the light of the past eight months, in view of the fact that through all these months the Italians and Germans have violated their agreements with impunity, and apparently without rebuke, no one, in diplomatic circles or out, with whom I have talked, has the least doubt that loyalist cities on the Mediterranean coast will henceforth be in greater peril than ever from the Italian and German ships operating by night.

III

Nor has the Government at any time been confronted with a greater menace within its own lines from Franco's "Fifth Column", and especially from the anarchists and the extreme and corrupt part of the syndicalists. Mr. Thurston has reported the incidents near Valencia. These are the work of the anarchists, believed by the French Ambassador to be in the pay of the insurgents, who until recently were able by their obstructive, disruptive tactics and violence to prevent the creation of a real national army under a central command subject to the orders of the Government. The Government, during the last few weeks, has made astonishing progress toward gaining control, and with remarkable results in the field.

The result has been to uncover the anarchists as traitors to the Government cause and, with the mask off, they are now openly acting as the insurgents would have them act were they actually on the payroll of General Franco. It is too much of a strain on credulity and common sense to believe it possible that these men are such fools as not to know that their conduct plays directly into the hands of the insurgents.

In addition, there is justification for the theory that they are consciously acting behind the lines as a "Fifth Column", in the records of the past. On the establishment of the Republic, documentary proof was found that many of these, especially in Barcelona, were

on the payroll of the monarchy. They were used to create disturbances whenever, for other reasons, the authorities wished to declare martial law. And I was told personally by Francisco Herrera, publisher of *El Debate*, brother of Angel Herrera, a powerful extreme Rightist, that "if we have the money we can always buy these men". I assumed that he was speaking from experience.

I am persuaded, therefore, that in the event of an insurgent success on the Guadalajara front, the anarchistic element will attempt to create a state of anarchy by methods of violence within the loyalist territory, the purpose, of course, being so to demoralize the Government territory as to hasten the recognition of Franco, thus eliminating the necessity of subjecting the country by military means.

This element was responsible for the plot to kidnap General Miaja, who has become a thorn in the side of the insurgents because of the demonstration of unexpected strength since the creation of a national army. The facts have not all yet been revealed, but it appears that the disturbers in Madrid, under the leadership of Antonio del Rosal, have introduced their members into both the U. G. T., the socialist union, and the C. N. T., the syndicalist union, with the mission of creating hatred between the two organizations and destroying all hope of a united front against the common foe. The trial of those arrested has not yet been held.

Thus the immediate danger to the Government is threefold:

1. A supreme military effort, supported by four divisions of the Italian army, some thousands of the German, and all abundantly equipped with the best equipment.
2. A desperate effort by the anarchists or Franco's "Fifth Column" to demoralize the defence behind the lines.
3. The possibility of naval attacks on the Mediterranean coast by the war vessels of Italy and Germany who are given a free hand by England and France in that quarter.

IV

Now that the anti-Government refugees, protected for months in the Embassies and Legations in Madrid, are being evacuated, I have the positive proof in my personal observation here that I have not misinformed the Department in the past regarding the character of these refugees during the last few months. The men of fighting age, released by the Government with the pledge of the nation whose Embassy or Legation they occupied that they would not return to Spain during the war, are coming to Saint-Jean-de-Luz from Marseille or Nice and openly crossing the border to enlist in the insurgent army.

Respectfully yours,

CLAUDE G. BOWERS

852.00/4990 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, March 22, 1937—4 p. m.

[Received March 22—2: 15 p. m.]

393. I was told at the Foreign Office this morning that they continue to be greatly worried over the situation growing out of the active participation of regular Italian troops in the Spanish conflict. The Foreign Office fears that the Valencia Government may insist upon an extraordinary meeting of the Council of the League of Nations to consider this question and it feels that this could only lead to further difficulties. The Foreign Office "understands" that the British Government has in fact made certain inquiries by radio regarding this situation with particular reference to the reports that Italian troops have landed in large numbers in Spain since February 20.

The official with whom I spoke said that they were doing everything they could at the Foreign Office to keep the French press from playing up this matter of Italian troops in Spain as they had hoped that despite the difficulties being encountered in the London Committee it might be possible to reach agreement before long on all the details of the control system, and once this was actually in effect it should of course put an end to further landings of Italian troops in Spain and thereby ease the situation.

I gather that there is concern here regarding what Mussolini's next move may be as a result of the recent reverses of the Italian troops northeast of Madrid. A well informed friend tells me that the divergence of views which existed last August between the Presidency of the Council and the Foreign Office regarding the best way of dealing with the problem of foreign intervention in Spain may again become apparent.

WILSON

852.00/5016

Memorandum by the Chief of the Office of Arms and Munitions Control (Green)

[WASHINGTON,] March 22, 1937.

Marquis Rossi Longhi, Counselor of the Italian Embassy, called at my office this morning to say goodbye. In the course of the conversation, he referred to the attached editorial⁴⁹ which appeared in the *Washington Post* yesterday, and said that he supposed that we were busy considering whether or not the President should proclaim that a state of war existed between Italy and Spain.

I affected to consider that remark a pleasantry, laughed at the idea, and turned the conversation into other channels as quickly as possible.

⁴⁹ Not reprinted.

Rossi Longhi then explained at some length Italy's vital interest in the outcome of the civil war in Spain, predicted that the Rebels would soon be masters of the situation and said that although the Italians were assisting them, they had not more than ten or twelve thousand troops with the Rebel armies. He treated as absurd various newspaper reports printed in this country placing the number of Italians with Franco at very much higher figures.

JOSEPH C. GREEN

852.00/4995 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, March 23, 1937—noon.

[Received March 23—11:30 a. m.]

118. My 117, March 22, 6 p. m.⁵⁰ According to information obtained from British sources here the investigation of the alleged shipment of volunteers from Italy to Spain was confined to an inquiry as to a vessel the *Sardegna* which was rumored to have transported troops from Italy to Cadiz, and in reply to this inquiry the Italian authorities denied that the vessel in question carried troops but stated that she shipped medical supplies which were unloaded at Cadiz in charge of orderlies. The American Consulate General at Naples received reports from two different sources that this same vessel cleared Naples for a Spanish destination on February 28 carrying several thousand troops comprising the remnants of volunteer groups which had been unable to leave before February 20. In spite of the rumors of violations on the part of Italy of the nonintervention accord both British and French representatives have apparently been unable to obtain any actual proofs of any such violations although the theory has been put forth to the effect that the Italians operate groups of two vessels under the same name of which one is reported as passing through the Suez Canal or arriving at some other destination whereas the other remains unreported and accordingly is alleged to have proceeded to Spain. While it is denied officially that shipments of troops are proceeding it is generally admitted that recruiting of volunteers for Spain is still being carried out on Italian territory.

Following the return of the Duce to Rome last night the rumor was circulated that he had hastened his departure from Tripoli owing to the Spanish situation but in a declaration which he made this morning he is quoted as denying that his trip had been cut short.

PHILLIPS

⁵⁰ Not printed.

852.00/4999a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, March 23, 1937—2 p. m.

98. We understand that British military officers are now in Spain observing the military activities of the insurgent forces. We would like to know for our confidential information what arrangements may have been made to permit British officers to act in this manner in territory occupied by the insurgents as we understand that up to the present the British Government has not granted status of belligerency to the insurgents. Please furnish all details available.

HULL

852.00/5010 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, March 24, 1937—7 p. m.
[Received March 24—6:47 p. m.]

406. I was told at the Foreign Office this afternoon that they are puzzled and uneasy over the Italian attitude as revealed by Grandi yesterday in the London subcommittee in refusing to discuss the question of withdrawal of volunteers from Spain. They feel that the recent defeat—indeed their information describes it as a rout—of the Italian forces near Madrid has been a severe blow to Italian prestige and there are, of course, few things so essential to a dictatorial regime as the maintenance of its prestige.

They feel it possible that Grandi's attitude yesterday may have been only a first and natural reaction to events in Spain; but they also consider it possible that it may spring from something more fundamental and more disturbing. With reference to this second hypothesis they are bearing two [things?] in mind: First, information which they possess regarding the concentration of troops in Italy at various points which is what would be done if Mussolini had decided to withdraw from the Non-Intervention Agreement and to send troops openly into Spain. Second, the sudden announcement of Ciano's visit to Belgrade: the French Government understood from the Yugoslavs just a week ago that their negotiations with the Italians which had been going on for months were not making any progress. Now they are suddenly advised that the Italians have agreed to many of the points the Yugoslavs had been requesting. The Foreign Office does not know what the Italians have received as a *quid pro quo*. They feel that this sudden decision of the Italian Government to reach agreement with Yugoslavia following upon Mussolini's precipi-

tate return from Libya can be interpreted in two ways. First, as an effort to restore prestige to the regime after Spanish defeats through playing up the agreement with Yugoslavia as a great diplomatic victory. It can also, however, be interpreted as a plan to assure Italy that she will have nothing to worry about from the Yugoslav quarter for a period of time, leaving Italy that much freer to engage herself on a large scale in the Spanish adventure.

WILSON

852.00/5014 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, March 25, 1937—4 p. m.
[Received March 25—3:02 p. m.]

409. The Paris edition of the *New York Herald* carries headline today "Anglo-French blockade of Spain discussed" and "Warships may stop Italian boats bound for Spanish ports" with a story to the effect that this was the information given out by Delbos himself in a press conference yesterday following conversations with the British and German Ambassadors.

I inquired at the Foreign Office this morning regarding the foregoing. I was told that the story was exaggerated and that the account of the press conference held by Delbos as given in the London and French papers is much less sensational (which is true). The Foreign Office said that in his press conference Delbos spoke of the seriousness of the situation, said that he had had a satisfactory talk with the British Ambassador⁵¹ in which they had been in agreement upon the necessity of making every effort to bring the volunteers back from Spain and above all to prevent the despatch of additional foreigners to Spain in the future and that if despite the measures of control agreed upon direct Italian assistance to Spain should continue then it would be necessary to consider what could be done to make the control more effective.

I was told in confidence that while in the conference between Delbos and Clerk they had in fact discussed the possibility of being led to consider naval measures of control to prevent Italian assistance to the nationalists in the eventuality that the Italian Government should break away from the Non-Intervention Arrangement and attempt to send troops openly to Spain, this possibility was discussed only in general terms. It is felt at the Foreign Office that British opinion while alarmed over the situation is not yet prepared to envisage action of the character mentioned. The French Government realizes the

⁵¹ Sir George Clerk.

difficult situation in which Mussolini is placed. They are willing to draw a veil over the past and while they desire to bring about the withdrawal of volunteers from Spain if this is possible they regard as by far the most important matter the complete prohibition on sending any further foreign assistance to Spain. They feel that this prohibition must be made effective, otherwise if Italy continues to send troops into Spain the French Government will be placed in an impossible situation as regards public opinion in this country. The Foreign Office said that in Delbos' conversation with the German Ambassador the latter while raising certain questions regarding the practicability of withdrawing volunteers from Spain was conciliatory. The official with whom I spoke pointed out that in these latest developments regarding Spain there obviously has been no concerted agreement beforehand between the Germans and Italians: the former were being cautious while the latter seem to be acting on their own initiative.

What troubles them deeply at the Foreign Office about this situation is that they are unable for the moment to see a solution: the Italian military forces have suffered a severe loss of prestige in Spain; it is feared that Mussolini will believe it necessary to achieve a military victory there in order to recover his prestige; from the best information the Foreign Office has it would take some 50 or 60,000 additional Italian troops to capture Madrid: if Mussolini does not send any reinforcements to Spain the Italian troops now there are apt to be captured or killed which would be a further blow to Italian prestige that the regime there could hardly stand; on the other hand if Mussolini decides to intervene on a large scale in Spain this must inevitably create a most serious situation for France and England.

WILSON

852.00/5015 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, March 25, 1937—5 p. m.
[Received March 25—2: 15 p. m.]

170. Department's 98, March 23, 2 p. m. In late February there was a rumor from Paris that a British military mission was attached to the Franco forces. However, the appropriate official of the War Office states (1) there are no British officers attached to the insurgent side in Spain, (2) the British Government have no military representatives observing insurgent forces, (3) the British War Office has made no arrangements to permit representatives to observe in territory occupied by insurgents. The War Office has added, however, that retired army officers entirely upon their own responsibility although usually representing some newspaper or semi-religious interest have

been in insurgent territory; in this connection among others Major General Sir Walter Maxwell Scott retired and Major General Fuller retired were mentioned but it was added the War Office makes no use whatever of these retired military officers.

I venture to point out that while it is understood the British Government will not encourage exchange of representatives with the insurgent forces Board of Trade representatives by special agreement may be stationed at Burgos (see my 63, February 12, 7 p. m.). It is not inconceivable that when this special agreement for Board of Trade representatives is negotiated arrangements may be made for military observers to be stationed on insurgent territory.

BINGHAM

852.2221/344

*The Diplomatic Agent and Consul General at Tangier (Blake)
to the Secretary of State*

No. 1268

TANGIER, March 26, 1937.

[Received April 10.]

SIR: I have the honor to enclose herewith copies, in the French text and in English translation, of a Dahir and of a Vizirial decree, both dated February 20, 1937,⁵² which embody regulations governing travel, from the French Zone, to or through the Spanish Zone of Morocco, for the purpose of preventing the enlistment of volunteers in the military service of either of the contending parties in the Spanish civil war.

By Note dated March 25, 1937, the Residency General of France at Rabat requests that the application of these regulations be extended to American nations and protégés.

On this subject, I also enclose herewith copies of correspondence exchanged between this Legation and the American Consulate at Casablanca, and a copy of my Note, dated March 10, 1937, to the French Resident General.⁵³

I trust that the Department will concur in the position which I have taken, in the premises, as set forth in the correspondence, namely, that, since the American Government is opposed to the enlistment of American nationals for military service on either side in the Spanish civil war, it would seem proper to subject American *ressortissants* in Morocco, to Moroccan legislation which pursues the same purpose.

I respectfully suggest, therefore, that I be instructed to notify the Protectorate Government in this sense, while at the same time specifying the procedure to be applied to American *ressortissants*, as indicated

⁵² Translations not printed; for French texts, see *Bulletin Officiel*, February 20, 1937.

⁵³ None printed.

in my Note of March 10, 1937, to the Residency General at Rabat, in order that bona fide American travelers may be protected from unnecessary inconvenience.

A request from the Protectorate authorities is also expected in regard to similar legislation promulgated in the Tangier Zone. The Department's eventual instruction will therefore be assumed to cover the regulations in both the French and Tangier Zones.

My notification to the French Residency General would, of course, be accompanied by the usual reservations in regard to American extraterritorial jurisdiction, and also with a statement to the effect that the subjection of American travelers to the legislation in either zone, would automatically cease with the termination of the Spanish civil war.

As regards sanctions, I would appreciate being informed, for the guidance of Consular Courts in Morocco, whether the provisions of Section 5282⁵⁴ (Enlisting in Foreign Service) of the Federal Statutes would be properly applicable to American *ressortissants* in Morocco.

Telegraphic instructions on this despatch are respectfully suggested.

Respectfully yours,

MAXWELL BLAKE

852.00/5091

*The Ambassador in the Soviet Union (Davies) to the Secretary
of State*

[Extracts]

No. 156

Moscow, March 26, 1937.

[Received April 8.]

SIR: I have the honor to report the following:

Pursuant to an appointment made, I called upon Commissar for Foreign Affairs Litvinov to present my respects before departure for the United States. Explaining that I was leaving for a short visit home, I stated that I would return here in June.

I then asked him how the Spanish situation was coming on. He stated that from the point of view of the Republican forces, very well; that from the point of view of European peace, almost too well. He expressed the fear that the reverses of the Italian forces would stimulate Mussolini to project additional forces into Spain, to rehabilitate his prestige. In that connection, he stated that the International Committee in London was having great difficulty; that the situation looked very bad; that pursuant to German suggestion it had taken up for consideration the evacuation of all volunteers in Spain;

⁵⁴ Rev. Stat. 5282.

that thereupon Grandi had interposed the condition that before such consideration the matter of the embargo upon the gold of the Spanish Government should first be considered; that after the other Governments had acceded thereto, Grandi announced that the Italian Government would not discuss further the matter of the evacuation of volunteers in Spain.

As to his suggestion of the desperate character of the situation, I suggested that it might be natural for Mussolini to wish to reestablish his prestige before engaging in further discussions, but that conditions in Spain seemed to change very rapidly, for it was only two weeks ago that the Spanish Ambassador had stated to me that his Government was seriously contemplating the possibility of declaring war on Italy, and seemed very downcast over the reverses that the Republican forces had sustained; and that now, within two weeks, there was a complete reversal in position; and that therefore it was possible the situation might change for the better equally quickly. Litvinov stated that was possible, but reiterated as his firm opinion that if the Italians were to send additional forces into Spain the situation would be most serious for European peace. He emphasized strongly if the democratic governments would now serve firm notice upon Italy that such action would not be tolerated that Mussolini would not take such action, for he said Italy did not want European war; that internal conditions, economic and political, in Italy were not good and that Italy could not stand a European war. When I suggested that perhaps the democratic countries, including England, did not wish to hazard a firm position until they were prepared adequately, he stated that neither Germany nor Italy were prepared adequately. To my expressions of surprise that Germany was not prepared from a military point of view, he stated again that their information was positive that Germany was not ready, even in a military sense, leaving out of consideration the economic background. I then stated that I had heard rumors that the Soviet Union was apprehensive lest France and England might possibly make a peace in Western Europe with Germany and Italy, leaving Russia to face Germany alone. He stated very positively that in his opinion that was not the fact.

I then stated that the European situation in its elementals looked simple; and that it was difficult to understand why the statesmanship of Europe could not provide that England, France, Germany, Italy and Russia should agree to preserve the territorial integrity of Europe and through trade agreements provide Germany with raw materials and thereby the assurance that she could live, which would relieve the peoples of Europe and the world of these terrific burdens of armament and the fear of catastrophic war. The prompt rejoinder was: "Do you think Hitler would ever agree to anything like that?" I said that I did not know, but that it was my opinion that there was a very

substantial body of influential and responsible thought in Germany that such an idea would appeal to. Litvinov rejoined that he thought that might be so; that Schacht was of that type; he did not think they could prevail against Hitler and the political and military forces dominant in Germany. He then stated that the only hope for the preservation of European peace was a prompt, firm declaration of the democracies of Europe that they were standing together for peace; he named France, Russia and Czechoslovakia. He then said that if the United States were to join in such a declaration it would mean not only European but world peace as well, as it would also settle the Japanese question. I rejoined that we did not feel any serious apprehension with reference to Japan, and that generally speaking our people were seriously opposed to becoming embroiled or entangled in European troubles. On the other hand, I personally felt confident that both the President of the United States and the Secretary of State were devoted to the cause of peace and would be glad to contribute in any way that was possible consistent with our traditional policies, if and when the time was ripe. I impressed upon him, however, that, in so speaking, I was expressing only my personal views.

The conference ended with his expressions of good will to the President of the United States and to the Secretary of State and personal wishes for a good voyage.

For reasons which I shall explain orally on my arrival in Washington, I did not take up any specific matters.

Respectfully yours,

JOSEPH E. DAVIES

852.00/5025 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, March 27, 1937—noon.

[Received 1 : 50 p. m.]

416. In the course of a conversation with Léger last night he discussed the Spanish situation in some detail. He said that he was just in receipt of information indicating that Italian ships were even then en route to Spain carrying troops. He said that it would be a week before the control scheme could be officially placed in effect: during this week it would be possible for Mussolini to send additional troops to Spain without there being any official observation and report relative to a possible violation of existing agreements; there were however French and British war vessels off the coast of Spain on the stations which they will occupy once the control scheme is officially in force and it should be possible to obtain some knowledge whether Mussolini continues to send troops.

Léger remarked that the Italian calculations had been proving wrong regarding Spain: Italy had accepted the date of February 20 for putting into force the ban on volunteers feeling confident that within a few days thereafter Franco would capture Madrid; when this plan failed they continued to send troops to Spain but Franco has again failed despite these additional reinforcements. The question now is whether and to what extent Mussolini will send additional forces to Spain before the control scheme officially goes into force.

As regards the recall of volunteers Léger said that the Italian refusal to discuss the matter did not, of course, involve any question of violation of an agreement since no agreement existed on the subject. It was however Italy who had originally proposed the withdrawal of volunteers and her refusal now to discuss the matter obviously raised the question of good faith. Léger felt that Grandi's statement to the effect that not a single Italian volunteer would leave Spain until Franco won the war should not be taken tragically: it was probably a personal reaction caused by loss of temper; it did of course reveal a state of mind that was not encouraging to those who believed that the best solution of the present international problem regarding Spain would be to get the so-called volunteers out of Spain. However, the Italian Government was free to discuss or not to discuss the question.

There was a third question regarding Spain, said Léger, which had now been raised by the Soviets, namely the demand for an investigation whether the presence in Spain of Italian regular army units and material did not constitute a violation of the Italian agreement of last August. Léger said that he felt that the best place to discuss this question was in the London Committee. There was an effort, however, being made to get the question before the Council at Geneva. If this were done he felt that it might risk causing the withdrawal of the Italians, probably followed by the Germans, from the London Committee with a consequent breaking down of the Non-Intervention Agreement and abandonment of the policy followed for the past several months in an effort to keep the Spanish struggle from developing into a general conflict.

Léger remarked that in the frequent discussions he had had with Cerruti regarding Italy's violation of her obligations under the Non-Intervention Agreement he had stated frankly that such action was hardly worthy of a country such as Italy: Cerruti's reply was that no one should be astonished since Italy had always let it be known that under no conditions would she permit any other result of the Spanish conflict than a victory by Franco.

Speaking of the new political accord between Italy and Yugoslavia,⁵⁵ Léger said that he felt that this was above all a question of prestige

⁵⁵ Signed March 25, 1937, *Documents on International Affairs*, 1937, p. 302.

for Italy which would allow Mussolini to appear before the world and before his own people as having achieved a diplomatic victory. Italy had "paid dearly," said Léger, to obtain this treaty. The accord could have no value insofar as giving Italy a freer hand for the Spanish adventure might be concerned (see my 406, March 24, 7 p. m.), since the accord provides for action by one party in favor of the other only in case one of them should be the victim of aggression or if their common interests should be menaced; also the accord provides that all existing agreements are unaffected which means that the obligations of Yugoslavia under the Covenant of the League of Nations⁵⁶ and under her pacts with the Little Entente and France remain intact. (It is, nevertheless, my impression from talks at the Quai d'Orsay that the French Government is far from pleased at the conclusion of this Italo-Yugoslav accord. They try to put the best face on it and point out that France in the past tried to bring Italy and Yugoslavia together when relations between these two were at the breaking point. However, the difference between the European situation at that time and at the present time is too obvious to require comment; furthermore, it would seem likely as indicated in my 406, March 24, 7 p. m., that the French Government was taken by surprise at the sudden conclusion of this pact.)

In my conversation with Léger I mentioned that the Germans were evidently holding back and that it seemed to me unlikely that Mussolini would now venture to engage himself on a large scale in the Spanish situation. Léger remarked that one never can tell about dictators—they are moved by sudden decision, passion, inexact information. He recalled that Mussolini had gone ahead in the Ethiopian affair at a time when he had England, France, and the League of Nations against him and his success at that time might lead him to feel that he could do much the same thing again regarding Spain. Léger said he felt that Hitler was more cautious and had perhaps a better sense of realities than Mussolini: Hitler against the advice of the Reichswehr had gone ahead with his March 7 coup,⁵⁷ counting on French weakness at the time and he had succeeded. Last January Hitler had prepared another coup in Morocco but this time France had reacted; Hitler saw that France meant business and he had at once abandoned his position. The question now was whether Mussolini understood the present situation; French opinion, Léger said, would not tolerate Italy going into Spain and obtaining control of that country and of the Balearic Islands.

WILSON

⁵⁶ *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, p. 69.

⁵⁷ On March 7, 1936, the German Government denounced the Locarno Pacts of 1925 and reoccupied the Rhineland.

852.00/5027a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, March 27, 1937—5 p. m.

110. President just returned from vacation and would be extremely interested to have any information as to probable British attitude in the event Italy should move an avowed governmental and official army force into Spain, either upon the theory of protecting, rescuing or bringing out the Italians already there, or of participating in the civil strife in Spain. This would mean a most casual and discreet inquiry under such circumstances as would afford no possible basis for any inference that this Government would predicate any of its acts in the slightest upon such information. You might casually and incidentally in conversation on other subjects be able to develop this inquiry.

HULL

852.00/5120

*The Ambassador in Spain (Bowers), Then in France, to the
Secretary of State*

[Extract]

No. 1271

ST. JEAN DE LUZ, March 30, 1937.

[Received April 10.]

SIR: I have the honor to report that, as was inevitable, there have been repercussions to the rout of the Italians on the Guadalajara front and it is problematical what importance may be attached to these. There is no underestimating the humiliating nature of the rout, or the effect on the prestige of Mussolini and his "legionnaires". Nothing has reached diplomatic circles here indicative of Mussolini's purpose. It is not now so strongly felt that he may lose his head completely, openly repudiate his nonintervention agreement, and pour thousands more of the "legionnaires" into Spain. But it is not the feeling here that he will abandon his Spanish adventure. Having constantly disregarded his pledges in the past, it is assumed that he will continue to send troops and supplies with a full knowledge that any denial he may make will be accepted by both England and France as in the past.

The most impressive effect of the rout has been the effect on the relations of the Italians and the Spanish insurgents. Even here in this hotbed of pro-rebel sympathizers one hears open expressions of pleasure over the humiliation of the Italian army. Mr. Kearney, the Irish Minister, who was in Salamanca at the time of the Italian flight, tells me that he was utterly dumbfounded by the open expressions of satisfaction on the part of the Spanish military authorities because

of the blow to Italian prestige. They insist that the Italians, condescending toward the Spaniards, demanded that they be permitted to take Guadalajara and encircle Madrid. The Spaniards resented the implied insult but acquiesced under a sort of duress. The fact that Franco had to send Moors and Carlists to check the Italian flight clearly gives satisfaction to the insurgents.

This feeling may be explained by the fact that both the Italians and the Germans have, ever since coming to Spain, quite openly sneered at the Spanish army and ridiculed the military prowess of General Franco. I personally know this to be true. They have swaggered a great deal, demanded and secured precedence over Spaniards in hotels and cafés, and belittled the Spanish people at public bars. Several incidents have resulted, as at the Bar Basque in San Sebastian where some Spanish officers, resenting the insults, precipitated a fight. The average Spaniard, no matter how ardently devoted to the insurgent cause, has found the presence of arrogant foreigners on his soil as offensive as it has ever been throughout history.

Respectfully yours,

CLAUDE G. BOWERS

852.00/5056 : Telegram (part air)

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, March 31, 1937—noon.

[Received April 1—1 p. m.]

103. The Secretary General has circulated a note dated March 29th from the Mexican permanent delegate concerning the Spanish situation. Referring to the decision of the London Committee to consider the extension of non-intervention to assure the cooperation of non-European states the note declares that non-intervention has only served to prolong the conflict by depriving the legitimate government of assistance to which it has the right under international law and asserts that neutrality should be interpreted according to the principles of the Covenant making a distinction between the legitimate government and a military rebellion supported by foreign elements.

The Mexicans here state that this communication was in part evoked by criticisms in the Non-Intervention Committee at London of Mexico's attitude and measures vis-à-vis the Spanish situation. They are apparently not informed here as to the details of this criticism. They state that their policy is to forestall an attempt to extend the non-intervention agreement to non-European states. Their tactical position is that should it be desired to generalize the non-intervention question the League is the only appropriate medium for such action.

2. Apprehensions which have been recently prevalent here that the

Spanish issue might in some manner be brought actively before the League have now diminished. This is understood here to be due to the opposition to such a development on the part of the chief League powers.

GILBERT

740.00/134 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, March 31, 1937—5 p. m.

[Received March 31—4: 40 p. m.]

180. The following telegram is based on recent conversations and should be read with my 133, March 11, 9 p. m.⁵⁸ and 173, March 25, 10 p. m.⁵⁹ and memorandum of conversation due by pouch arriving in Washington tomorrow as background.⁶⁰

In view of your 110, March 27, 5 p. m., I venture to outline my personal views at some length:

Germany in official eyes remains the greatest threat to European peace. The British Government's attitude towards the Spanish situation has been from the beginning that a decisive victory by either of the contending sides would endanger European equilibrium—rather peace without victory was preferable, with the situation ending in stalemate after withdrawal of foreign volunteers, leaving a settlement to be negotiated between the contending elements in Spain on a basis of provincial autonomy. It was with this in mind that English diplomacy has been concentrated on the maintenance of the work of the Non-Intervention Committee and this will continue to be the ultimate objective of British policy even under the most extreme circumstances.

Mussolini's position at the present moment is difficult. Rising commodity costs embarrass him; also the continuing expenses of the Abyssinian adventure together with the costs of his rearmament program and the undercurrent of unpopularity of the Fascist adventure in Spain. He had "roared magnificently in response to recent pin pricks of various sorts from this country" but it is not believed here that he wishes on top of his other difficulties to debar by his actions the possibility of improvement in Anglo-Italian relations. The British Government on its part does not wish to alienate Mussolini and I foresee further moves from London intended to appease him such as recognition of the Italian empire. In this connection it is suggestive of the British Government's current policy of handling

⁵⁸ *Ante*, p. 58.

⁵⁹ *Ante*, p. 64.

⁶⁰ Not found in Department files.

the Italian problem that encouragement was given Regent Paul of Yugoslavia by the British Foreign Office for the recent negotiations with Ciano. However, in the recent attempts at a *rapprochement* between England and Italy some incident has always arisen to keep open the wound; for the most recent instance, that of the meeting of the Non-Intervention Committee of March 23, the Soviets are blamed. These meetings are by agreement secret and the only public reports are the official communiqués given out at the end of each session by the chairman with the concurrence of the delegates. Nevertheless, when, after the recent defeat of Italian troops outside Madrid, the Italian Ambassador pressed by Soviet Ambassador Maisky refused at that particular juncture to discuss the withdrawal of volunteers, an explanation of a statement in the Committee appeared in the local press even before the official communiqué of the Committee meeting had been drawn up. This leakage which served to arouse fresh popular indignation against Mussolini is attributed to the Soviets. The Non-Intervention Committee is on holiday until next week but the Board of Control meets again today to determine further the setting up of observation points and observers on the Spanish land frontiers and the international naval controls in Spanish waters. It is doubtful whether these controls at the very earliest can be established before 2 weeks.

Three courses are open to Mussolini in view of the recent defeat of Italian troops with insurgent forces: (1) He may regard them as volunteers infected by foreign propaganda and leave them to their fate. (2) Mussolini can undoubtedly find examples today of material and men now reaching the Madrid Government from Soviet sources and also from France, and with some pretense of regularity in this critical period until the effective controls of the International Board of Control are established, support Italian volunteers in Spain temporarily with materials and men. Neither of these two courses would present difficulties that could not predictably be handled by the Non-Intervention Committee. (3) Mussolini might decide to support his volunteers in Spain openly in violation of the Non-Intervention Agreement. This would undoubtedly create a crisis in which the reaction in France would be immediate and violent and would likewise encourage that numerous body of opinion in this country which had favored the imposition of sanctions against Italy in the Abyssinian crisis to believe a second chance had been given this Government to call "the dictator's bluff".

I venture to point out, however, that the English entente is with France and not with the Front Populaire. Thus if, as might be expected, the extreme French Left should react violently against Italy in such a crisis, it is undoubtedly true that such a reaction would cause all public opinion in this country to take a second thought before

joining with French communistic elements in any venture outside the confines of the Non-Intervention Committee.

So it is conceivable that the reaction to any Italian official military venture in Spain would be to create a tension between the British and French Governments augmented by the fact that Soviet influences would encourage an aggressiveness on the part of France. In such a situation between France and England Hitler, who has been liquidating his commitments in the Spanish situation, would be given his opening to make every advance to England. These considerations would doubtless give a breathing space which would permit the British Government to reaffirm before public opinion in this country its policy against using force or even putting the British fleet between Italy and the shores of Spain. Thus, it is my opinion that in the hypothetical situation suggested in the Department's 110, March 27, 5 p. m. should Italy make an official armed move in Spain, the British Government, of course, influenced at that time by imponderables in the situation would nevertheless endeavor to work with and on the French, both inside and outside the Non-Intervention Committee, to maintain their original policy of stalemate or peace without victory in the Spanish situation but certainly without resort to armed intervention.

BINGHAM

852.00/5050 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, March 31, 1937—7 p. m.

[Received March 31—5: 45 p. m.]

428. Reference my 416, March 27, noon. The Foreign Office states that the situation as regards the Italian attitude toward intervention in Spain has greatly improved. Following the press accounts of Delbos' recent talks with the British and German Ambassadors, (my 409, March 25, 4 p. m.) the Italian Government inquired of the French Government if these conversations meant action was being considered against Italy: the French replied no but that the conversations had taken place because of the seriousness of the situation which appeared to be developing. The Italians had then given the French the assurances which they had previously given to the British, that Italy had not violated her obligations since February 20 when the ban on volunteers entered into effect, that the Italians who landed at Cadiz on March 5 were only doctors and medical personnel, and that Italy had no intention of violating her obligations under the Non-Intervention Agreements. The Italian Government added that it saw no ob-

jection to consideration being given by the London Committee to the possibility of an agreement for the withdrawal of "volunteers".

My informant went on to say that the situation had indeed calmed down "for the moment" and that it was likely that the question of withdrawal of volunteers would be discussed in London next week. He added that from the practical point of view this question offered almost insuperable obstacles.

It was also stated that the Valencia Government is no longer pressing the request for a special meeting of the League Council to consider the question of possible violation by Italy of the obligations of the Non-Intervention Agreement of last August.

I was told that the control scheme can not yet enter officially into force for another week or 10 days: practically all the higher posts in connection with the application of the control have been filled; there remain however over 100 subordinate posts such as the agents of control on vessels going to Spain, the personnel for which has not yet been recruited. Cipher texts to London and Rome.

WILSON

852.2221/327 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, April 5, 1937—noon.

[Received April 5—8:20 a. m.]

143. My 135, April 1, noon.⁶¹ In a recent conversation with Count Ciano he assured me that although Italy was being accused of a desire to spread Fascism through Spain it has no such intention whatsoever. He explained that the Italian plan was that the Spanish people themselves must determine their own self-preservation. In emphasizing the fact that he hoped that the London Non-Intervention Committee would be able to find ways and means of withdrawing foreign nationals from Spain thus leaving the way open to the Spanish people to reach a solution, he stated that Italy would be glad to respond to any undertaking arrived at by the London Committee to this effect.

In this connection it is interesting to note that he made no mention of Grandi's recent statements before the London Non-Intervention Committee but stressed forcibly the willingness of Italy to see the foreign volunteers withdrawn. I do not, however, interpret his remarks as indicating any change in Italy's attitude of opposition to the establishment of any Communist state in the Mediterranean.

PHILLIPS

⁶¹ Not printed.

852.00/5081

The Mexican Ambassador (Castillo Nájera) to the Secretary of State

[Translation]

WASHINGTON, April 6, 1937.

MR. SECRETARY: Regarding the point of view of my country in the presence of the situation afflicting the Spanish Republic, I have the honor to state to Your Excellency that I have received instructions from my Government to amplify, in the following terms, the note which I addressed to you on the first day of the present month.⁶²

The Mexican Government considers it to be its duty at this time to contribute all the means in its power in favor of world peace and, especially, to endeavor that an end be put to the armed contest which, for eight months past, has been causing the shedding of blood on Spanish soil.

Mexico, therefore, takes the liberty of making an appeal to the recognized sentiments of humanity of Your Excellency's Government to the end that an amicable way be sought to terminate the grievous situation of Spain.

My Government believes that the frequency and the time of the endeavors which have been made to put into practice the so-called policy of non-intervention have had no other consequence than that of taking away from Spain help which, according to international law, the legitimate Government of the said country could logically expect from the states with which it cultivates normal diplomatic relations.

The said circumstances and the lack of necessary collaboration with the constitutional Spanish authorities are cruelly prolonging the fratricidal struggle which is going on in that friendly nation, and in view of the participation in it of foreign elements, my Government considers that the possibility is daily nearer that that conflict may provoke international complications.

Without my country's prejudging the position of Your Excellency's Government, for which it has the most respectful consideration, it believes that, because of elementary sentiments of humanity and justice, the countries which fortunately enjoy peace abroad and security at home might be able to find a formula of collaboration to prevent the indefinite prolongation of the Spanish conflict.

Mexico likewise believes that international neutrality ought to be interpreted in accordance with the noble principles established by the Covenant of the League of Nations, extending them to cases like that of the military rebellion in Spain; for a clear distinction ought to be drawn between Governments suffering aggression, which Gov-

⁶² Not printed.

ernments ought to receive all support, material and moral, and aggressor groups, to which it is improper to furnish elements intended for continuing the struggle and rendering it more bloody.

In formulating these considerations, I must state to Your Excellency that Mexico is not animated only by the desire that they may serve to improve, if possible, the lamentable situation prevailing in Spain, but also by her sincere intention to define for the future how far her international position coincides with a correct application of the essential postulates of international law; for it is improper, in every light, that a constituted Government—whatever may be its characteristics, if it represents legitimately, by its origins, the national will—should be at the mercy of a faction supported by elements foreign to the life and the political traditions of the country.

I avail myself [etc.]

F. CASTILLO NÁJERA

852.00/5124

The Spanish Ambassador (De los Rios) to the Secretary of State

[Translation]

WASHINGTON, April 9, 1937.

MR. SECRETARY: I have the honor to send to Your Excellency, pursuant to instructions received from my Government, the following information:

On the outbreak of the criminal military uprising which, from the month of July 1936, has been staining the soil of Spain with blood, the rebels being false to the most solemn promises and using the arms which had been entrusted to them by the State solely and exclusively for the purpose of defending the Republic and its legitimate Government succeeded in dominating a part of the territory of the nation on whose inhabitants they imposed themselves brutally by terror and, although from the first moment they devoted themselves to the repugnant task of eliminating violently the leaders, workers and all persons who had publicly indicated their love for the Republican régime, committing monstrous crimes which history will record to the shame of those who perpetrated them, it is evident that there still remain in the provinces held by the insurgents a multitude of men loyal to the Republic. The Government of Spain knows this with certainty because it knows Spaniards and is not unaware of the depth to which the essence of the régime which was voluntarily given to the people sank into the consciousness of the nation. It also knows this by the irrefutable testimony of those who every day are escaping from the insurgent camp to fall into the fraternal arms of those who are fighting for liberty and justice.

The Spanish Government knows that, notwithstanding the number of assassinations which have been committed, the martyrs of which will never be forgotten by the Republic and to whom some day she will bear witness with gratitude and emotion, there are many loyal men who, because the rebellion surprised them on insurgent territory have had to belong to or to enlist by force in rebel units and fight, contrary to their feelings, against their brethren of blood and ideals. For that reason, when they find a propitious opportunity, they pass over to our camp, where they are not only fraternally welcomed but where they are given recompenses according to the orders of the Ministry of War. The Government of Spain in its desire to give new proof of generosity expects of all valiant men who are struggling in the defense of the Republic with arms in their hands will not forget that as long as the combat endures any violence is just and necessary, sanctified in this case by the justice of our cause, but when the fight is over the life of whatever prisoner falls into their hands is sacred and must be respected; no one can dispose of it whether individually or collectively; only the courts having jurisdiction can pronounce, at the proper time, the sentences which they may deserve. Therefore, in accordance with the Council of Ministers and of the proposal of its President, the following has been decreed:

Article 1. That the lives of the insurgent combatants, whether Spaniards or foreigners who are taken prisoner, shall be respected and they will be delivered without loss of time to the competent authorities, it being forbidden to bring them to trial without previous decision of the Council of Ministers.

Article 2. With regard to the combatants of the rebel camp who voluntarily present themselves to our ranks not only will their lives be respected but an inquiry will be instituted and, if their adherence to the Republic is proved as a result thereof, the Government will recognize their positions, situations and ranks which they may prove that they enjoy or have enjoyed, whether in civil or in military life.

I avail myself [etc.]

FERNANDO DE LOS RIOS

852.00/5081

The Secretary of State to the Mexican Ambassador (Castillo Nájera)

WASHINGTON, April 10, 1937.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of April 6th, in which, by instruction of your Government, you amplify the terms of the note previously addressed to me under date of April 1st,⁶⁸ with further exposition of the policy pursued by the Mexican Government in connection with the unhappy conflict which now afflicts the Spanish people.

⁶⁸ Not printed.

You state that "the Mexican Government considers it to be its duty at this time to contribute all the means in its power in favor of world peace and, especially, to endeavor that an end be put to the armed contest which, for eight months past, has been causing the shedding of blood on Spanish soil". You further state that without prejudging the position of the United States, the Government of Mexico "believes that, because of elementary sentiments of humanity and justice, the countries which fortunately enjoy peace abroad and security at home might be able to find a formula of collaboration to prevent the indefinite prolongation of the Spanish conflict".

The policy of the Government of the United States of strict non-interference in the unfortunate conflict in Spain is, of course, well known to Your Excellency's Government and I feel sure needs at this date no further elaboration. That policy has been enacted into law by the Congress of the United States, and with regard to it the Executive Branch of this Government has no discretionary power.

Your Excellency's Government, I am sure, likewise bears in mind that these principles of non-interference in the domestic conflict in Spain are principles which have been formally subscribed to by twenty-seven other nations, of which many are European powers closely concerned in the tragic situation which has arisen in Spain both because of their geographic proximity as well as because of their intimate commercial and economic ties.

If, without deviating from this policy of non-interference, the moral influence of the United States Government can be exerted in support of impartial steps looking towards a more humane conduct of the conflict, the Government of the United States would not only give sympathetic consideration to such steps as might be suggested, but in so doing would thereby give expression to feelings which have deeply moved the American people. However, in accordance with the traditional policy of the Government of the United States in such cases, this Government would in such event consider it necessary to determine for itself whether such steps might afford practicable means of making known, wholly independently of or concurrently with any joint action by any other Governments, its earnest interest in any impartial program designed to render more humane the conflict which has arisen.

I have felt it desirable to make known to Your Excellency thus frankly the policy which has been pursued and which will be pursued by the Government of the United States, in view of Your Excellency's courtesy in making known to the Government of the United States the point of view of and the policy pursued by the Government of Mexico in connection with the situation which has arisen in Spain.

Accept [etc.]

CORDELL HULL

852.00/5238

*The Ambassador in Spain (Bowers), Then in France, to the
Secretary of State*

No. 1272

ST. JEAN DE LUZ, April 12, 1937.

[Received April 25.]

SIR:

I

I have the honor to report that the war in Spain has definitely entered upon a new phase with the advantage shifting to the Government. The army defending the Republic is no longer an undisciplined mob, broken up into numerous independent party or factional segments, indifferent to Government orders. The inexperienced peasants, workers and liberals who, crudely but effectively, prevented the speedy triumph of the rebels, have been converted into a real fighting force, working as a single army, and subject to one command. I am reliably informed that at Albacete raw recruits have been constantly trained and drilled by competent officers throughout the winter and that these are now ready to take the field. This national army no more resembles that which made a mess of things, clinging to their trenches, in the early stages of the war, than did the Union army of Bull Run resemble that which fought at Gettysburg.

In addition to this almost miraculous improvement in the fighting qualities of the men, the Government army, but recently embarrassed by inadequate mechanized facilities, has come into possession of sufficient arms, ammunition, tanks, planes, and heavy guns. The insurgents here insist that this change has been brought about by France, though there certainly is no evidence here to sustain the charge, and General Queipo de Llano in a radio speech within the week has praised France for the vigorous manner in which it is enforcing the non-intervention pact upon itself. It is not believed that much war material has come from Russia in two months and many believe that the greatest material aid coming to the legal Government comes from Mexico.

With this remarkable improvement in the timbre of the Government army, both in men and war material, there is a most remarkable improvement in Government morale. The Italian fiasco on the Guadalajara front, followed by an even more brilliant series of successes on the Cordoba front, has convinced the supporters of the Government of ultimate success.

At the same time there has been a distinct lowering of morale in Franco's army due in large measure to the same causes. That there have been actual mutinies among his men both in Algeciras and in Tetuan cannot longer be doubted. The mutineers in both places were

Spaniards, not Italians in Algieras and Moors in Tetuan, as at first reported. There may be much significance in the fact that these mutinies and many desertions have resulted to a considerable extent from the rout of Guadalajara.

Three explanations are heard here :

One, that the mischief makers in Franco's army are men never in sympathy with his cause but men forced into service in the territory he seized in the early stages of the war.

Another is that they are soldiers of fortune, without principles of any sort, who assumed in the beginning that this military rising would follow the lines of previous military rebellions in Spain, and are now convinced that Franco's cause is lost.

And third, that many Spaniards now look upon the war as an international and not a civil war, and that the presence of Italian and German armies in Spain has converted the struggle into one for national independence.

After nine months one thing is conclusively proven—that the Spanish people, as a people, were not in sympathy with the rebellion, and are not now, and that without the aid of foreign armies on a large scale Franco cannot possibly prevail. My own observations have long convinced me that were the Italians, the Germans and the Moors removed the rebellion would speedily be suppressed. Many think this would be true if only the Italians and the Germans were withdrawn, since the cream of the trained fighting forces of the Moors who were brought over in the beginning has been exterminated. That is the opinion of every war correspondent with whom I have talked. The Moors now here are semi-savages from the hinterland, with little training.

The fact that in the most critical time, with fighting in the North, General Franco made a journey to Seville to address some dignitaries of the Moors taken there by Italian ships on their return from a religious pilgrimage is an indication that he has some fears as to the present attitude of his Moorish mercenaries.

I find some significance, too, in the fact that General Franco is becoming more and more intolerant toward war correspondents with his armies. He turned them all away when the attack on Malaga began. The men he then turned away had been with him for months and had written the most pronounced pro-Franco articles. No war correspondent with him could have been more satisfactory to him than Knickerbocker who was convinced of his early and inevitable victory when I saw him frequently five months ago. He returned to America three months ago and has now been ordered back. I have seen him twice in Saint-Jean-de-Luz at my home. He was waiting for a permit to cross the border and to rejoin the army. He has just been informed that he "cannot continue his journey to Spain". I

can only interpret this denial to mean that there must be something in the present situation that General Franco does not care to have blazoned to the world. I find Knickerbocker completely flabbergasted by the changed situation. He had never conceived it possible that an untrained army of peasants and workers and liberals could be converted into an army capable of holding its own with professional soldiers; but he may not have read the story of the French Revolution.

The reports I have received from our Consul General in Barcelona indicate that progress is being made even there in bringing order out of chaos in Catalonia. There are now some reasons to believe that a Catalan army actually may enter the field to fight wherever needed. The strength of the extreme syndicalists and the anarchists in Barcelona has made the position of the Companys Government most precarious for months. One thing convinces me that there must be a radical change in that quarter. I know Companys—know him to be a timid, trimming politician without much courage of any kind; and when he suddenly takes the bull by the horns and comes out openly with demands for the unification of all forces under the authority of the Government, I know there must have been a change in public opinion. He is not a man who would venture much.

In this connection another very significant indication of change: in several places, mostly in the neighborhood of Valencia where the anarchists have gone on a rampage in defiance of the national Government, the authorities in Valencia have promptly sent troops and put them down by force. This would have been too dangerous a venture two months ago.

To sum up my conclusion from all this I would say that the military prospects have so changed that unless Italy or Germany or both run amuck and send in a very large army, with the consent of the rest of Europe, there is every justification for the optimism of the Government.

II

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It appears to be true that the insurgents have made no foreign loan. They have partly paid as they have gone by turning over to Germany and Italy the product of mines as payment for arms and ammunition. I am informed, reliably I think, that an attempt was made in London to negotiate a loan and that it failed. A recent decree calling on those of means to make sacrifices, to turn in all their gold under a heavy penalty, and to turn over the income from foreign securities and checks, payable in foreign money, bears out what I hear in this quarter about the insurgents being considerably concerned on the financial side.

III

There was some astonishment when the insurgents launched their desperate offensive against Bilbao at this juncture. Never in history has Bilbao been taken, largely because of her natural advantages for defence. During the last eight months the Basques have had ample opportunity for the construction of powerful defences, and I am informed by Bilbao business men who have come out and by Consul Chapman that the last two lines of defence seem almost impenetrable. Thus, when instead of attempting at once the wiping out of the humiliation of Guadalajara, the insurgents launched the attack on Bilbao, it came as a surprise.

Two reasons are advanced. There is no doubt but that General Franco has been paying Germany and Italy for their assistance by turning over to them the products of mines within the territory controlled by the insurgents. The Government victories on the Cordoba front have deprived the Italians of the mercury mines in that quarter. Incidentally Italians were engaged in large numbers on that front. It is understood here that Germany has complained to Franco that she has not been getting the minerals she expected and that she expected iron ore and was not receiving it. It is assumed that Franco replied that the iron mines of the Basque country were there to take and that an attempt would be made to take them with the assistance of the Germans. That Germans in unusual numbers are on the Basque front is indicated by the capture of several German officers.

Another reason given for the attempt on Bilbao has more to do with propaganda than anything else. The fixed policy, persistently pursued by the insurgents, is to create the impression, especially in Catholic countries, that the Franco forces are fighting for the Catholic church and against the persecutors of Catholics and the burners of churches and the killers of priests. They have been embarrassed by the notorious fact that the Basques are as ardently Catholic as are the people of Navarre and are as ardently supporting the Government as the people of Madrid. The fact reported generally, and positively known, that there has been no interference with worship in the Basque country, that priests and nuns walk the streets in their religious garb without meeting with discourtesy, has interfered considerably with the success of the religious part of insurgent propaganda. And when a dozen or fifteen Basque priests went to Ireland to combat the propaganda there the hate of the Carlists began to center on their fellow Catholics in the Basque country. The Carlists, who have a prominent part, along with Italians, in the Basque offensive, are fighting with the fanaticism of their hate.

When at Durango insurgent bombing planes, flying low, deliberately bombed the cathedral there, which is an ancient one of great artistic

and historic importance, it was with full knowledge that the church was crowded with worshippers. The result was the wrecking of the church, the killing of the priest and two hundred Catholic worshippers, and the wounding of as many as six hundred.

If the insurgents can take control of the Basque country it will be possible for them to boast that all deeply religious sections are within their territory.

IV

Just at this juncture when to cover his own continued violations of the Non-Intervention Pact that bears his signature, Mussolini has recently charged France with sending help to the Spanish Government, it is of some interest to note that General Queipo de Llano, one of the rebels' triumvirate of generals, and their nightly voice over the radio, has just expressed appreciation of France's rigid enforcement of her part of the pact. I heard this comment over the radio but I am indebted to the *Diario de Navarra* of April 6, 1937 for the speech in full. . . .

It is positively established that German warships are in the waters of this section, beyond the territorial limits. A dependable English business man from Bilbao reports seeing the two German warships, *Graf Spee* and *Admiral Scheer* while on his way here. This open activity of the German navy is not confined to northern waters. The interference of the German cruiser, the *Leipzig*, with the Government flotilla en route to the shelling of Ceuta is well established, since the Government boats called the attention of a British ship to the action of the *Leipzig* and received an acknowledgment.

There can be no possible doubt of the active participation of the Italian and German navies with the rebels, and this notorious fact must be taken into consideration in passing judgment on the justification of the Spanish Government's denunciation of the non-intervention control plan to give these hostile navies a monopoly on the guarding of the eastern coast, as intolerable and dishonest.

Respectfully yours,

CLAUDE G. BOWERS

852.00/5228

*The Ambassador in the United Kingdom (Bingham) to the
Secretary of State*

No. 3011

LONDON, April 16, 1937.

[Received April 26.]

SIR: Referring to my despatch No. 2919 of March 10, 1937,⁶⁴ regarding non-intervention in Spain, I have the honor to report that, accord-

⁶⁴ Not printed.

ing to information communicated to the Press and published this morning, the Chairman's Sub-Committee of the Non-Intervention Committee was informed at its meeting at the Foreign Office yesterday that all necessary steps to bring into operation at an early date the scheme of observation of the Spanish frontiers adopted by the International Committee at its plenary session held on March 8, had been taken. The Sub-Committee agreed that the scheme of observation should be brought into operation by land and sea at midnight next Monday. Merchant ships bound for Spanish ports which on that date have passed the last observation port lying on their route to Spanish waters will be exempted from the obligation of embarking observing officers. Similar exemptions will be granted to ships having no wireless equipment on board which are at sea, bound for Spain, on that date.

The Italian representative, in reply to an appeal made by the Chairman for a spirit of good will in the solution of the problems with which the Committee was faced, said that he was prepared to resume discussion of the withdrawal of volunteers from Spain provided a similar response was made by representatives of other countries. The Soviet representative, speaking, he said, in the same spirit, did not insist on asking the Sub-Committee to proceed with the discussion of the Note in which he had embodied the proposals he made at the plenary session of the Committee on March 24 that a special commission of inquiry be sent to Spain to investigate the Valencia Government's allegations concerning the presence of four Italian divisions in Spain.

It was decided to appoint a technical advisory sub-committee to prepare a scheme for the withdrawal from Spain of all persons now engaged, either directly or indirectly, in the conflict in that country who were not of Spanish nationality, or who were not of Spanish nationality on July 18, 1936, and for the effective supervision of any such scheme of withdrawal.

The Sub-Committee approved the proposals submitted by a technical advisory sub-committee for the establishment by the German Government of focal areas in the naval observation zone allotted to the German fleet. The Sub-Committee agreed that the arrangements proposed should be notified at once to the representatives of all maritime countries, the Governments of which were parties to the Non-Intervention Agreement, with a request that they should invite their respective Governments to take such legislative or other steps as might be necessary to instruct merchant ships having a right to fly the flags of their respective countries to comply with the focal area scheme approved, so that it might be brought into operation with the least possible delay.

In a written answer in the House of Commons yesterday, Lord Cranborne, the Parliamentary Under Secretary of State for Foreign Affairs, stated:

"I am not in a position to give details of the contributions paid or promised by all the Governments concerned though I understand the total contributions promised cover the estimated cost of the scheme for a period of one year. Each of the five principal countries concerned will pay 16% of the total cost of the international scheme and of the Anglo-Portuguese scheme, i. e. £143,680, the contribution of the United Kingdom being abated by the estimated sum of £64,000 on account of the liabilities incurred by His Majesty's Government in connection with the Portuguese scheme. The remaining countries together will contribute in all 20% of the total cost."

Respectfully yours,

For the Ambassador:
RAY ATHERTON
Counselor of Embassy

852.00/5392

The Consul General at Barcelona (Perkins) to the Secretary of State

No. 289

BARCELONA, April 20, 1937.
[Received May 12.]

SIR: With reference to my despatches Nos. 217 and 228 of February 4 and February 12, 1937,⁶⁵ both entitled "American Ambulance Unit in Barcelona", I have the honor to enclose herewith photographs of a second American ambulance unit, as published in *La Vanguardia* of April 3, 1937. This unit, which recently passed through Barcelona is described as the "Benjamin Franklin Corps" of the "Medical Bureau—American Friends of Spanish Democracy". There is also enclosed, with English translation,⁶⁶ the text of an article appearing in the same paper and describing the visit paid to the President of Catalonia by Dr. Friedman, the leader of the unit, Mrs. R. Weiner, Chief Nurse, and other members of the unit.

A further article, appearing in *La Vanguardia* of April 11, 1937, reports the arrival of the third American ambulance unit at Barcelona headed by Surgeon Donald H. Pitts.

A survey of the facts can leave no reasonable doubt that these expeditions have been sent to Spain, not from purely humanitarian motives, but with the primary purpose of assisting one of the opposing parties to win the war. It is doubtful if a single responsible member of these American units would be willing to perform humanitarian work upon the other side. I venture to suggest that they are lending

⁶⁵ For despatch No. 217, February 4, see p. 477; despatch No. 228, February 12, not printed.

⁶⁶ Not printed.

more effective aid to the "Government" than would an equal number of American citizens bearing arms; for the "Government" badly needs medical help, whereas it has, at least in Catalonia, almost unlimited reserves of man power. I have but to look from the window as I write to observe crowded streets full of men of military age, who have never been to the front and who have given little display of any enthusiasm to go there.

Such relatively small contingents as may come from America, either as hospital units or as groups of volunteers, obviously will not weigh heavily in determining the final outcome of the Spanish civil war. But they do advertise the fact that organized groups of Americans are leaving the United States to help what their opponents call the "Red" or "Communist" cause. Their arrival here tends to create the belief that there is a bit of a sham about the "complete neutrality of America" and, to that extent, their participation in the war affords excuse for Fascist states to continue their aid to the "Rights".

The statement issued by the Department and published in its press release, No. 389 of March 13, 1937,⁶⁷ sets forth a position which, in the light of my experience here of some eight months, appears unassailable in its reasoning and indispensable if the United States is to maintain a "complete neutrality". I therefore regret any modification of that position on the ground that the work of the Ambulance units is an humanitarian one.

I am well aware of the official composition of the "American Friends of Spanish Democracy"; for I have a circular, dated March 26, 1937, listing the officers and committees, and making an appeal for funds "to turn the tide against the foreign invaders". For some years, I have known quite well the Chairman, Bishop Robt. L. Paddock, a man of the greatest sincerity and unselfishness. But I venture to suggest, if the Bishop conceives that there exists here any of the processes and safeguards of democratic government, that he is uninformed and misguided. Whatever may be the ideals and hopes of President Azaña and certain other liberal leaders, the deplorable fact remains that, in Barcelona and Catalonia, there is no assurance of security for life, liberty, or property. Private assassinations continue, unpunished. Priests and many former property owners are in hiding for their lives. Private property is confiscated under various processes of "socialization" and "collectivization". No one is immune from sudden arrest. The "Government" is unable to guarantee any reasonable degree of personal protection or even to send out of the country many persons whom it would be glad to see escape to liberty and safety abroad.

The Chairman and the distinguished individuals upon the Com-

⁶⁷ Department of State, *Press Releases*, March 13, 1937, p. 139.

mittee of the "Friends of Democracy" do not countenance these things, but it is to such a situation that they are unwittingly giving their support. I do not wish to give the appearance of not being "neutral"; least of all, of having a sympathy for the "rights". The exploitation under which the Spanish people have suffered was, it seems to me, bound to produce a revolution. I cannot envisage the triumph of the reactionary elements as having any other ultimate effect in Catalonia than the creation of further provocation to revolution; for I doubt whether the Spanish "rights", in the event of victory, will learn from experience and be prepared to accord reasonable living conditions to the masses.

As I see it, we do not have a clear cut issue of right and wrong, but the deplorable existence of excesses on both sides and the complete absence of what we understand by democratic government. The choice at the moment may be briefly described as the alternative between "tyranny" and "chaos". I have no wish to question the formation of the opinions and beliefs undoubtedly held in all honesty by the "Friends of Spanish Democracy"; but it seems to me a matter of regret that these liberal minded people should be expending their energies in a foreign field where their glimpses of the truth are but partial instead of devoting those energies to problems in regard to which they are in a position to be more precisely informed.

Respectfully yours,

MAHLON F. PERKINS

852.2221/344 : Telegram

The Secretary of State to the Diplomatic Agent and Consul General at Tangier (Blake)

WASHINGTON, April 22, 1937—7 p. m.

Your despatch No. 1268, March 26. Department perceives no objection application to American *ressortissants* in Morocco regulations governing travel from French Zone to or through the Spanish Zone of Morocco for purpose of preventing enlistment for military service in present Spanish civil strife, or to your notification to that effect in the sense of your note of March 10, 1937, to the Residency General at Rabat, with reservations mentioned antepenultimate paragraph of your despatch. Department is of the opinion that whether or not Section 5282 Revised Statutes is specifically applicable by its terms to extraterritorial countries it is unquestionably "a law of the United States" within the meaning of that term as used in Section 4086 Revised Statutes and, if deemed necessary and suitable to give effect to our treaties with Morocco, would appear to be properly applicable to American citizens in Morocco in the absence of an authoritative decision to the contrary.

HULL

852.00/5311

The Ambassador in Italy (Phillips) to the Secretary of State

No. 331

ROME, April 23, 1937.

[Received May 4.]

SIR: With reference to the Embassy's despatch No. 321 of April 15, 1937⁶⁸ and previous despatches concerning the Spanish situation, I have the honor to inform the Department that with the inauguration of the international control scheme on midnight of April 19th there has been an appreciable change in tone of articles relating to developments in Spain as published in the Italian press, although it is still briefly reported that French and Russian violations of the non-intervention accord continued during March and April. For the past few days newspaper articles have been confined to reports of news from the Spanish front, indicating that the present objective of General Franco appears to be the capture of Bilbao before resuming his drive on Madrid. There has been no direct editorial comment since the Government spokesman's article referred to in my telegram No. 164 of April 18, 11 a. m.⁶⁸

On April 19th it was announced that eight Italian vessels would exercise surveillance in the zone allotted to Italian control extending from the French frontier to Cape Oropesa and the island of Minorca. These vessels under the command of Admiral Marengo are as follows: one flotilla leader, the *Quarto* (3000 tons) armed with 6-120 mm. guns; two destroyer mine layers, the *Aquila* and *Falco* (1400 tons); three destroyer mine layers, *Mirabello*, *Nulla* and *Manin* (1100 tons); and two armed merchant vessels, the *Barletta* and *Adriato*.

Although no confirmation can be obtained, it is rumored that General Goering, who passed through Rome en route to Naples on April 21st, will upon his return discuss with the Italian authorities the question of the withdrawal of Italian and German volunteers from Spain. The press, however, is silent in this respect but there is apparent in Rome a definite impression that the Italian Government is becoming increasingly anxious to liquidate its participation in the Spanish conflict and may seek an early occasion in the meetings of the International Committee to support any effective proposal for the withdrawal of volunteers. In this connection reference is made to my telegram No. 143, April 5, noon, reporting Count Ciano's declaration that Italy would be glad to see all Italian contingents return home. The Embassy is informed that Mussolini would be prepared to accept such an arrangement if it could be accomplished without loss of Italian prestige. While it was formerly said that he was only awaiting a victory of the Franco forces before withdrawing, it may now be that the

⁶⁸ Not printed.

Italian Government would be prepared to agree to a scheme to be worked out by the London non-intervention committee without further consideration of military developments on Spanish soil.

On the other hand, the Embassy has been informed in confidence of a conversation which took place on April 16th with the representative of the Franco Government in Rome, of which the following represents a summary of Señor García Conde's statements:

The Spanish Minister confirmed that between 58,000 and 60,000 Italian troops and 18,000 Germans had in all gone to Spain and estimated that the total number of men serving in Franco's army was approximately 400,000, 65,000 of whom were raw recruits undergoing training. While additional foreign troops would be welcome, Franco now has sufficient man-power to draw from and very few soldiers are being brought from Africa. The great need, however, is for arms and ammunition and this need is being supplied by Italy. García Conde admitting that both men and ammunition were still arriving in Spain from Italy, principally by way of Palma, then said "I have nothing to complain about; Mussolini and Ciano continue to do more than their share." With reference to the method of shipment, he explained that it was often announced that the vessels are bound for Ethiopia but change their destination after leaving port, but that every recruit on board was however informed of his true destination and had been engaged for this service.

The Spanish representative continued that Mussolini, when he had decided upon the necessity of aiding Spain, had been firmly convinced that the war could not and would not last over six months at the utmost but, feeling certain of the peril to the Fascist regime in Italy should the Red government win in Spain, he had recently informed García Conde that he would "see Franco through."

After the Guadalajara disaster the Spanish Minister said he had had a long conversation with the Duce and Ciano, during which the various causes of the disaster were discussed, and among them the difficulties which had arisen in the high command between the Germans, Italians and Spanish. In consequence, the Duce gave instructions to the Italian leaders in Spain that Franco must be unquestionably supported by them in all military decisions. The recent rumor in the press of the possibility of supplanting Franco by another commander-in-chief was stated by García Conde to be entirely false since Franco enjoys to a singular degree the confidence of all his Spanish soldiers and the Italians have never wavered in their support of him. He then said that Franco recognized his error in not employing all his available forces to encircle Madrid and cut the Valencia road, thus preventing supplies from reaching the capital along this, and had now decided not to push his attempts to take the capital further but first to do his utmost to capture Bilbao. García Conde explained that the Italian intelligence service was performing excellent work in Spain as shown by the recent publication in Italian newspapers of French and Russian military shipments to Spain, thus creating justification for the dispatch of supplies from Italy.

García Conde admitted that Russia has recently sent some 150 planes to Spain, which has meant that Franco has lost his earlier advantage of superiority in the air. There is no phase of the mili-

tary situation which is of greater concern to Franco than this, and the Spanish representative continues to request further Italian planes and aviators.

With regard to the future of Franco's government, it was said that he hoped, after taking Madrid and Bilbao, to make known to the world the form of democratic government he proposed to establish. He considers that America's recognition will be very vital to him, particularly as he hopes that an American relief association may come to his country's aid during the first months of reconstruction. In return for the American loan, Franco would prefer to grant American bankers concessions which "the hypocritical English" are certain to covet. In this connection, Garcia Conde said that Senor Cardenas had recently occasion to go to the United States on behalf of Franco. While Garcia Conde hoped that Madariaga might be willing to go, he said that neither Madariaga nor his particular group are willing to serve Franco at present, preferring to keep apart from the situation until victory for one side or the other seems more certain.

The question was raised as regards recognition by the Holy See of the Franco Government and Garcia Conde's reply was that although Franco's agents have done their utmost to obtain that recognition, Cardinal Pacelli continued to urge that such recognition would merely entail a further massacre of priests and prelates still in the territory under Red jurisdiction.

Respectfully yours,

WILLIAM PHILLIPS

881.00/1667

The Spanish Embassy to the Department of State

[Translation]

No. 134/15

MEMORANDUM

It has come to the knowledge of the legitimate Government of the Spanish Republic that elements of Tangier in the service of the Spanish rebels have proceeded to open a public service of communication between the said city and Tetuán using the telephone wires from Tangier to Cuesta Colorada where they have made a connection with the telegraph lines from the latter city to Tetuán. Thus telegrams are being transmitted from Tetuán with destination not only to the Spanish Protectorate Zone in Morocco but also to the regions of Spain accidentally in the power of the rebels.

The acts mentioned constitute an attack on the interests of the Spanish Republic and an evident violation of Articles 3 and 14 of the Agreement relative to the organization of the Statute of the Zone of Tangier,⁷⁰ for they enable a rebel group to exercise rights which solely and exclusively belong to the Spanish State and therefore to its legitimate government.

⁷⁰ League of Nations Treaty Series, vol. xxviii, p. 541.

The said acts likewise do violence to the Agreement of Arbaña of June 26, 1930,⁷¹ the purpose of which was to improve the telegraph and telephone services in Morocco.

Lastly, not only the toleration of this Office but the simple maintenance of communications with other offices established in the rebel zone constitutes a transgression of the right granted by the International Telecommunications Convention⁷² to the Governments signatory thereto, to close offices enclaved in zones where their authority is disregarded even if it be accidentally.

The appropriate protest having been presented to the Administrator of the International Zone of Tangier by the Consul of Spain at the said point, the Embassy of Spain requests His Excellency the Secretary of State, respectfully, that the appropriate instructions be given to the North American delegate on the Assembly to support the said protest for the purpose of putting an end to the action of the insurgents who endeavor to convert Tangier into a center of illegal activities.⁷³

WASHINGTON, April 26, 1937.

852.00/5276: Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, April 30, 1937—6 p. m.

[Received 6:35 p. m.]

253. Guernica "holy city of the Basques" totally destroyed though an open country town with unarmed population by huge bombs dropped from insurgent planes of German origin and pilotage. Population fleeing to country attacked with hand grenades and machine guns in planes. London *Times* correspondent himself attacked with machine gun fire from German plane handled unexploded aluminum incendiary bombs on site of Guernica. Denials by insurgents and Germany following world reaction incredible. The extermination of town in line with Mola's threat to exterminate every town in province unless Bilbao surrenders.

Government claim today that a thousand Germans were landed from German war ships at San Sebastian bears out information in my possession some days before and incorporated in my despatch sent

⁷¹ See J. López Oliván, *Repertorio Diplomático Español* (Madrid, 1944), p. 417.

⁷² Signed at Madrid, December 9, 1932, *Foreign Relations*, 1932, vol. I, p. 873.

⁷³ The Secretary of State, in his reply dated May 10, 1937, stated: "Inasmuch as the Government of the United States did not adhere to the Statute of the Zone of Tangier, the Ambassador will appreciate that it is not in a position to take the action requested."

Wednesday.⁷⁴ Reputable foreign businessmen in San Sebastian informed a member of my staff on Saturday that two German pocket battleships at Pasajes apparently sent their entire crews ashore and that many of these were still on shore after the ships departed though they had put aside their naval uniforms for khaki. These were presumed to be aviators, officers and mechanics intended for Bilbao. From the same conservative source learn that a complete German motorized unit passed through San Sebastian recently for Bilbao front. A German submarine has been for several days in waters of San Sebastian. More Italian and German officers in uniforms of their own armies seen in San Sebastian now than ever before.

Reliably informed that Basques had but 8 planes when attacked by insurgents 70 and much astonishment here that Government has not sent aviation reinforcements. Report today unverified that Prieto has reached Bilbao with 35 planes. Aguirre, Basque President, has just announced by radio that Government planes have just sunk the rebel warship *España*.

Plans are in progress to evacuate women and children here from Bilbao in British, French and Spanish warships.

BOWERS

852.00/5281 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, April 30, 1937—11 p. m.

[Received May 1—4:10 p. m.]

562. Referring to my telegram No. 561, April 30, 10 p. m.⁷⁵ Del Vayo, Spanish Foreign Minister, discussed at length the present situation in Spain. He said that the Government had absolutely accurate information with regard to Franco's forces. He asserted that they consisted at the present time of 70,000 Italians, 10,000 Germans—not infantry but aviators, artillery, et cetera—25,000 Moroccans and approximately 45,000 Spaniards.

He stated that one of the causes of the Italian defeat at Guadalupe had been divided command between Franco's generals and the Italian generals and added that the present attack on Bilbao was entirely under the command of Germans. He expressed the opinion that it might conceivably be possible for Bilbao to hold out but he feared the city would fall and the waning morale of Franco's troops would then improve. He expressed, however, absolute confidence in the ultimate outcome of the war saying that in the end the Government was bound to triumph. He asserted that there was more cohesion today on the Government side between Communists, anarchists,

⁷⁴ Despatch No. 1276, April 27; not printed.

⁷⁵ Not printed.

et cetera, than there had been at any time since the fighting began.

Del Vayo was absolutely emphatic in stating that the Government did not desire and would not look with favor on any move at the present time in the direction of mediation. If Franco should fail to capture Bilbao he was confident that the morale of Franco's armies would collapse rapidly and he would expect Franco to be defeated by the month of July. If Franco should capture Bilbao, the war would be much longer.

Del Vayo stated that he hoped to be able to persuade the London Committee to press for withdrawal of all foreign "volunteers" from Spain. He admitted that the international brigade on the Government side had been so decimated that it did not amount to much more than 10,000 troops and said that Franco had on his side at least 80,000 foreign troops.

BULLITT

852.00/5319 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, May 5, 1937—noon.

[Received 2:50 p. m.]

255. Telephone message from Del Vayo from Paris 10 last night. Says anarchist revolt throughout Catalonia and not only expected but welcomed as an opportunity to liquidate the anarchists who have been hostile from the beginning. Claims revolt will be crushed and was part of rebel plan. Finds significance in report in London *Express* dated Gibraltar 2 days before revolt saying it was due. The source hostile to the Government. Says thus far syndicalists not with anarchists and without these liquidation of anarchists certain.

BOWERS

852.00/5330 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, May 5, 1937—5 p. m.

[Received May 6—8:35 a. m.]

613. By decrees promulgated today the following measures affecting Catalonia have been taken: (1) pursuant to Article 9 of the Catalan Statute the Government of the Republic assumes control of all the armed forces of Catalonia; (2) the Catalan "Army of the East" is

placed under the jurisdiction of the Fourth Organic Division of the National Army; (3) the general heretofore in command of the Fourth Division is removed and his place taken by General Pozas Perea. Repeated to Ambassador Bowers.

THURSTON

852.00/5337 : Telegram

The Consul General at Barcelona (Perkins) to the Secretary of State

BARCELONA, May 6, 1937—11 a. m.
[Received 5:10 p. m.]

My May 5, noon.⁷⁷ Local government authorities appear to be in control of most of the city but it is reported Central Government at Valencia is assuming charge public order in Cataluna. As yet no estimate of total casualties but probably about 200 killed and many more wounded to date.

New government under President Companys formed yesterday consisting of four members representing Anarchists, Socialists, peasants and Left Republicans. New Socialist member killed shortly after appointment and replaced. Appeals through radio and press call all workers to withdraw from barricades and return immediately to their duties.

Embassy at Valencia contacted us this morning through courtesy French officials and Consulate General at Barcelona. Repeated to Ambassador Bowers, Embassies Valencia and Paris, and Admiral Fairfield.

PERKINS

852.00/5342 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, May 6, 1937—5 p. m.
[Received May 6—4:40 p. m.]

256. My despatch No. 1276, April 27,⁷⁷ on the fading prestige of Largo Caballero, am informed directly from Del Vayo that his mysterious stay in Paris is concerned with the plan determined upon to replace Caballero without delay. The indications all point to Prieto as the successor since he is backed up [omission] forces. A smaller element would prefer Araquistain, Ambassador in Paris, but his friends and he himself will acquiesce in choice of Prieto. Del Vayo's conferences with Araquistain are on this subject.

⁷⁷ Not printed.

Am sending by today's pouch photostat reproduction of a memorandum in the alleged handwriting of Goicoechea ⁷⁸ on agreement reached in Rome March 31, 1934, between representatives of the Monarchist and Carlist parties and Spanish military officers and Mussolini in which the latter pledges assistance in the destruction of existing Spanish regime. This paper taken in raid on Monarchist headquarters in Madrid in August and sent to Foreign Office and not examined until recently. Del Vayo will not embarrass England and France by exercising his right to demand a special meeting of the League of Nations but will place this matter on the agenda for the regular meeting the latter part of the month.

BOWERS

852.48 Relief/4

The Secretary of State to Representative Jerry J. O'Connell

WASHINGTON, May 7, 1937.

MY DEAR MR. O'CONNELL: I have received and given very careful attention to the letter of May 5th,⁷⁹ in which you, together with Representatives Coffee, Teigan and Bernard, urge that the President of the United States declare that Italy and Germany are waging war against Spain and that, therefore, the provisions of the neutrality laws of the United States with regard to the export of arms, ammunition and implements of war shall be applied to these countries. The question you raise is virtually the same as that raised some days ago by a Senate Resolution ⁸⁰ which after being variously commented on is still pending in the Committee on Foreign Relations of the Senate.

The State Department in its comment at that time ⁸¹ referred to the speech of Senator Pittman in the Senate ⁸² as containing a reasonably accurate exposition of the matter.

With regard to the last two paragraphs of your letter concerning your fears that the provisions of Section 3 of the Joint Resolution of Congress approved May 1, 1937, will result in the placing of arbitrary restrictions upon Americans who desire to send medical aid, food and clothing to the people of Spain, I enclose a copy of the rules which in accordance with the Joint Resolution I promulgated on May 5, 1937, for the regulation of the solicitation and collection of contributions for use in Spain.⁸³ You will note that these regulations have

⁷⁸ Antonio Goicoechea, leader of the Renovación Española Party. Memorandum not printed.

⁷⁹ Not printed.

⁸⁰ S. Res. 100, *Congressional Record*, vol. 81, pt. 3, p. 2737.

⁸¹ Letter dated April 20, 1937, to Senator Pittman, Chairman of the Senate Committee on Foreign Relations, p. 869.

⁸² *Congressional Record*, vol. 81, pt. 3, p. 3319.

⁸³ See Department of State, *Press Releases*, May 8, 1937, p. 309.

been so drawn that they will not in any way prevent those Americans who desire to relieve human suffering in Spain from continuing to do so in all such ways as are permissible under the law.

Sincerely yours,

CORDELL HULL

852.00/5390 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, May 12, 1937—5 p. m.

[Received 11:50 p. m.]

624. The British Chargé d'Affaires yesterday received instructions to submit a report with respect to the possibility of success of a proposal [of] mediation. His opinion, which he probably will incorporate in his report, is that, in view of the intensity of the hatred of each side for the other, such a proposal would not prosper at this time.

Opinion here, as manifested in the statements of members of the Government (telegram No. X-519, February 28, 6 p. m.⁸⁴) and in the controlled and strictly censored press, is opposed to a settlement by compromise. The labor organizations and proletarian political parties which constitute the paramount force in the Popular Front Government of Spain consider that to win the social revolution now in progress is of equal importance to the winning of the war, and that a compromise would threaten some of their gains. The undoubted desire for peace of those who have lost members of their families or are hungry or homeless is submerged, while the business and middle classes who presumably would welcome an immediate settlement have, of course, largely disappeared as articulate entities.

It may also be questioned whether the rebels would heed such a proposal just as they are preparing [to] invest Bilbao, or that the Government would welcome it should Bilbao withstand the siege. The Government is attempting definitely to eliminate the threat to its rear guard by disarming the anarchists and others and to build up a large trained military force in preparation for a sustained war. Whether it can succeed or withstand prolonged stress it is impossible to foretell.

Repeated to Ambassador Bowers.

THURSTON

⁸⁴ Not printed.

852.00/5409

Memorandum by the Secretary of State

[WASHINGTON,] May 13, 1937.

The Spanish Ambassador came in and handed me a Memorandum, a copy of which is attached hereto.⁸⁵ I thanked him and stated that I would give the matter very full and careful attention and consideration and make reply to him at the earliest date possible.

I remarked to the Ambassador that, speaking entirely individually and without any reference to the merits of any question of any kind, I would venture to inquire as to how many men were now engaged in the civil strife in Spain from other countries. The Ambassador rather promptly replied that only 16,000 were thus engaged upon the Government or Loyalist side; that perhaps 80,000 Italians and many thousands of Germans in particular, aggregating all told near 130,000, if the Moors and Moroccans were to be included, on the other. I inquired where the soldiers were from who were fighting on the Government side, and he mentioned France, Belgium, the United States, and one or two other countries. He finally said that these reports about large numbers of Russian soldiers being on the Loyalist side in Spain were untrue, that only some flyers, who were magnificent, and some drivers of tanks comprised the Russian citizens participating. He said that with the foreign troops withdrawn, the Government or Loyalist side could win within two months, but that with them remaining the time would be indefinite. He finally added that in population the Insurrectionists comprised 9 million and the Government side 13 million, but that this was only a rough approximation since many citizens of the territory controlled by Insurrectionists had removed to other parts of Spain under Government control.

C[ORDELL] H[ULL]

852.00/5478

The British Embassy to the Department of State

SPANISH CONFLICT

The London Non-Intervention Committee will meet early next week and discuss a British proposal that the two parties to the conflict be approached with a view to bringing about a cessation of bombing from the air in further stages of the struggle.

It seems likely that some of the Governments may desire to widen the proposal and include other forms of atrocities such as execution of hostages.

⁸⁵ Not printed; it requested interpretation of certain regulations of the Neutrality Law.

A public statement by the President on humanitarian grounds in favour of a cessation of bombing would carry immense weight. Would he be inclined thus to support the British proposal by issuing a statement either

(a) before the meeting of the Committee, or
(b) after the meeting, as the result of any unanimous favourable response by the participating Governments?

WASHINGTON, May 15, 1937.

852.00/5438 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, May 15, 1937—5 p. m.
[Received 9:40 p. m.]

630. My 628 and 629.⁸⁶ I have just received confirmation at the Foreign Office of the resignation of the entire Cabinet. Reports from other sources say that Largo Caballero has been requested to form a new Ministry. The city in general is unaware of it and is quiet.

Repeated to Ambassador Bowers and Embassy at Paris.

THURSTON

852.00/5479

Memorandum by the Secretary of State

[WASHINGTON,] May 18, 1937.

During the call of the British Ambassador, I referred to his unofficial statement on May 15th, in which his government suggested the desirability of a public statement by the President in favor of a cessation of bombing, with special reference to the Spanish situation. I said that the President would be disposed to make such statement either during or following the proposed action of the London Non-Intervention Committee on this subject. I added that we would be glad to have any information about the meeting and action of the Non-Intervention Committee, with a view to determining whether a statement by the President could and should be made during or following the action of the Non-Intervention Committee; that probably it would develop that it would be more feasible to follow the former. I concluded by saying that I was not making a copper-riveted pledge for the President but was expressing the entire disposition of both the President and myself with respect to this matter, in the light of the situation to date.

C[ORDELL] H[ULL]

⁸⁶ Neither telegram printed.

852.00/5465 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, May 18, 1937—noon.

[Received 3:04 p. m.]

638. The following government was formed and took [office] last night:

- (1) President of the Council of Ministers and Minister of Finance, and Economy, Juan Negrín, Socialist.
- (2) Minister of State, José Giral, Left Republican.
- (3) National Defense, Indalecio Prieto, Socialist.
- (4) Justice, Manuel de Irujo, Basque Nationalist.
- (5) Government, Julian Zugazagoitia, Socialist.
- (6) Public Instruction and Health, Jesús Hernandez, Communist.
- (7) Agriculture, Vicente Uribe, Communist.
- (8) Public Works and Communications, Bernardo Giner de Los Rios, National Republican Union.
- (9) Labor and Social Assistance, Jaime Ayguade, Catalan Esquerra.

All the foregoing except Minister of Government now in Bilbao were members of the last Cabinet.

The new government immediately issued a statement containing the following points: that it regards itself as the genuine representative of the political parties and regrets the failure of efforts to incorporate representatives of the syndical organizations; that it obligates itself inflexibly to maintain order in the realm; that it will maintain that close contact with Parliament; and that it will follow the same course in international affairs taken in the preceding Ministry and expresses its emphatic protest against the restrictions imposed upon the rights of the legitimate government by the Non-Intervention Agreement.

The new government may be said to imply an advance toward more conservative social policies—despite the greater proportional representation of the Communist Party, for the latter has for some time been advocating a moderate and constructive program of action. Both Negrín and Prieto, perhaps the strongest members of the Cabinet are Socialists of moderate tendencies.

The process by which the C. N. T. was eliminated is involved and will be reported by despatch.⁸⁷ Fundamentally, however, it may be attributed in part to the Communist Party. There is as yet no indication of the attitude that will be adopted by the C. N. T. and its F. A. I. (and perhaps P. O. U. M.) affiliates. There is some apprehension that a conflict may follow, although perhaps not immediately.

THURSTON

⁸⁷ Despatch No. 1282, May 19, from the Ambassador in Spain; not printed.

852.00/5463 : Telegram

*The Counselor of Embassy in Spain (Thurston) to the Secretary of State*VALENCIA, May 18, 1937—6 p. m.
[Received 8:20 p. m.]

639. It has been suggested to me by Spanish acquaintances that the governmental crisis just passed was officially inspired in order to bring into existence a government sufficiently free from extreme radicalism to make possible a policy of support on the part of Great Britain. This support might be positive or merely along the lines of mediation reported in my 624 of May 12.

THURSTON

852.00/5464 : Telegram

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*ST. JEAN DE LUZ, May 18, 1937—7 p. m.
[Received May 18—5:40 p. m.]

262. Assume Thurston has reported new government. Prieto eliminated himself on ground his elevation at the expense of Largo Caballero, his chief rival, would embitter the latter's friends. Negrín, the ablest man in the old government and one of ablest and most cultured in Spain, still is reasonably conservative. To eliminate the Syndicalists, the decision was reached to appoint none but representatives of parties. But this elimination of the C. N. T. carried with it the elimination of Del Vayo who represented the U. G. T. He will probably go to Geneva. The drastic change toward the Right illustrated in the substitution as Minister of Justice of a Basque Catholic for an Anarchist in the old regime.

Giral a close personal friend of Azaña and his appointment probably means that Azaña himself will be the real directing force in the Foreign Office.

There is a disposition to ascribe the changes to an agreement reached between the British Government and Besteiro, now in London representing Spain at the coronation. He is a moderate highly regarded in London.

My information comes from high source in Paris. Araquistain has resigned post in Paris. Does not give reason. His friends here think he may resent elimination of the U. G. T.

BOWERS

852.00/5521

Memorandum by the Assistant Chief of the Division of European Affairs (Hickerson)

[WASHINGTON,] May 20, 1937.

Mr. Philip Broadmead, First Secretary of the British Embassy, came in to see me this afternoon and referred to the memorandum which the Ambassador handed to Judge Moore⁸⁸ last Saturday regarding a possible statement by the President on humanitarian grounds in regard to bombing from the air in Spain. He referred also to the Secretary's conversation with the Ambassador respecting the same matter on Tuesday and stated that the Ambassador understood the Secretary to say that any statements issued by the President after we received fuller information on the subject would be concurrent with or subsequent to action taken by the International Committee in London.

Mr. Broadmead stated that the Embassy has received a further telegram on this subject from the Foreign Office, stating that, after a discussion by the International Committee in London on this subject on Tuesday, there is a likelihood that, when the Committee meets again next Monday, the scope of a proposed appeal to both factions in Spain will be broadened along the line of "minimizing the dangers and hardships suffered by the civilian population from various other causes besides bombing from the air." Mr. Broadmead went on to say that he understood that the appeal respecting bombing from the air would relate to bombing of open towns and non-military objectives. He added that the British Government hopes that, if the International Committee reaches a unanimous decision to make an appeal along these lines to both factions, the President will be disposed to make some kind of public statement in support of these appeals. The British Embassy will communicate to us the text of the resolution as soon as they receive it.⁸⁹

852.00/5498: Telegram (part air)

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, May 21, 1937—10 a. m.

[Received May 23—6:15 a. m.]

151. The Spanish Government has now definitely requested the Secretary General to place the Spanish question on the agenda of the forthcoming Council.

⁸⁸ Counselor of the Department of State.

⁸⁹ The resolution was not signed until June 18, 1937.

I am informed as follows from confidential sources. The Spanish Government has prepared a document for presentation to the Council embodying extensive "proofs" of German and Italian military intervention. During his recent visit to Paris Del Vayo conferred respecting the presentation of this material with the Quai d'Orsay which endeavored to persuade him to tone down his allegations. The ostensible objectives of the Spanish in the Council will be (a) to obtain the sending of a League commission of inquiry to Spain, (b) to procure in some form an indictment of Germany and Italy as aggressors. While the Spanish do not expect to obtain League action in these respects they hope to attain substantial advantages by the employment of the Council as a forum for rousing world, especially French and British, public opinion in their favor which might result among other things in a stiffening of the French and British positions in the London Committee.

The recent change in the Spanish Government is not expected to affect this policy as it has been announced that Del Vayo will represent Spain in Geneva.

It is anticipated that formal Council action will be confined to referring the matter to the London Committee.

GILBERT

852.00/5497 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, May 22, 1937—noon.
[Received May 22—11:20 a. m.]

155. Consulate's 151, May 21, 10 a. m. The European press is carrying extensive accounts in varying details of British *démarches* being made in Paris, Brussels and Rome and perhaps in other capitals relative to effecting an armistice to be associated with the withdrawal of foreign "volunteers" from Spain.

While fully believing that London and Paris basically very much desire an accomplishment along such lines and although despatches under London dates lines suggest that Rome's attitude is receptive, diplomatic circles here in touch with European capitals and viewing the general circumstances are exceedingly skeptical respecting this project. It is felt that Paris and in particular London are opposed to the Spanish affair coming before the Council, especially in the form it is apparently taking, being apprehensive of inflammatory repercussions in Europe resulting in a widening of the existing breaches, that they particularly fear developments taking place here which would render the League still less advantageous for their employment in the European picture. Coming at this juncture this British project is thus seen as largely an effort to disassociate them-

selves in advance from the Spanish presentation of their case to the Council and perhaps by some means to sidetrack action or at least to minimize the political and popular effects of what may transpire in Geneva. Further clarification is, however, awaited.

GILBERT

852.00/5490 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, May 22, 1937—11 a. m.

[Received 3 p. m.]

642. My 639, May 18, 6 p. m. After a meeting last night of the Council of Ministers the following statement was issued with respect to persistent rumors of an impending armistice to permit the withdrawal of volunteers:

“The Government wishes to make clear in categorical form with respect to such reports that the order to cease fire will be given only when the last enemy is crushed. Let it be understood that neither now nor ever will we accept compromises or compositions with the enemy of our people.”

A similar statement was made day before yesterday by Negrin to a foreign correspondent, and both are in line with a pronouncement by the Government upon taking office that it represents all the parties united in the undertaking to defeat the rebellion.

THURSTON

852.00/5508 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, May 24, 1937—5 p. m.

[Received May 24—3:10 p. m.]

241. My 239, May 23, noon.⁹⁰ In discussing with Ciano this morning the report that the British Government had proposed an armistice in Spain he told me that the British proposal had in fact been received but that as he had only just returned from Budapest he had not yet had time to study it. He felt, however, that it was not a “very neutral proposal” in view of the fact that Franco’s forces were hourly making important advances in the Bilbao region and it could hardly be expected that there could be a cessation of hostilities just at the moment when Franco was about to achieve an important success.

PHILLIPS

⁹⁰ Not printed.

852.00/5509 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, May 24, 1937—6 p. m.
[Received May 24—3 : 15 p. m.]

159. Members of the Spanish delegation tell me that they intend to proceed with the presentation of their case to the Council substantially along the lines described in my telegram 151, May 21, 10 a. m. They admit that its chief intent is to rouse British public opinion. It is expected to come before the Council on Thursday.

The atmosphere here is observably more friendly to the Spanish delegation than it was in January which is variously taken to indicate a political attitude or a growing belief in Valencia's ultimate success.

Members of the British delegation inform me that the British *démarche* for an armistice, my 155, May 22, noon, was in the form of a note transmitted to Paris, Berlin, Rome, Moscow, Brussels, and Lisbon. They characterize the effort as "finished". They say, nevertheless, that it will serve the purpose of giving Eden⁹¹ and Delbos something to say in response to Del Vayo. A Spanish delegate asserts to me that the Valencia position is that they will not accept an armistice in advance, that they are however entirely favorable to the removal of foreign troops and if such a removal is agreed upon they are willing to discuss any means of accomplishing it. The representative of Franco in Geneva tells me that an armistice is totally unacceptable.

However, in respect of the British *démarche* certain delegations here have received advices from Berlin that Germany is anxious to get her nationals out of Spain and would accept a solution provided it were sufficiently face-saving.

GILBERT

852.00/5522 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, May 25, 1937—7 p. m.
[Received 7 : 03 p. m.]

163. A member of the Spanish delegation permitted me today privately to glance through the Spanish dossier on intervention in Spain mentioned in my 151, May 21, 10 a. m. which is termed the "White Book".⁹² It embodies approximately 100 documents respecting Italian military intervention. He confirmed my impression that there is no mention whatsoever of German activity in Spain. In response to my

⁹¹Anthony Eden, British Secretary of State for Foreign Affairs.

⁹²Printed as Special Supplement No. 165 to the League of Nations *Official Journal*.

naturally remarking on this point my informant hinted at a possible "annex" respecting German intervention. He stated that he had no knowledge as to what Del Vayo might include in his oral statements to the Council. From both British and French members of delegations I am informed that Eden and Delbos had gone over the "White Book" with Del Vayo immediately upon their arrival. From a British source I learn that Eden desired that Del Vayo suppress this textual evidence, the reason ascribed being that London wished to avoid the formal implications of the acceptance of written documents from which in the future it might be difficult to disassociate itself. These tripartite conversations constituted in general a negotiation respecting the support which the British and French might accord Del Vayo which in turn depended on the nature of the Spanish presentation of its case. A member of the French delegation stated to me that the "White Book" 's dealing entirely with Italy should occasion no surprise as the British objective was to isolate Italy concerning which they had been working closely with Valencia. The Russians although apparently working much more harmoniously with the British and the French than was the case during the January Council are said to be furious over the omission of mention of Germany.

In respect to the British *démarche* for an armistice I learn that Eden states in confidence that it had come to nothing due to the refusal of Valencia and Burgos. He was pessimistic about the Spanish situation, adding that London expected the war to continue through next winter. Commenting on beliefs current in Geneva that Berlin was favorable and Rome unfavorable to the British *démarche*, Eden asserted that it was entirely premature to judge this as an indication of a break in the Rome-Berlin axis.

While the somewhat disconnected developments which I have described are unofficially discussed in confidence in their relationship to the European situation no clear inferences are yet drawn.

GILBERT

852.00/5524 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, May 26, 1937—6 p. m.
[Received May 26—1:45 p. m.]

115. The Foreign Office confirmed this morning the reports, circulating locally, that the British Government had communicated with the German Government with regard to the question of the withdrawal of foreign volunteers from Spain, et cetera, and that the German Government favored this idea in principle.

Foreign Office added that while the German Government was anxious to cooperate in every way for the improvement of conditions

in Spain, it felt that the British suggestions were rather vague and that difficult as was the question of the withdrawal of foreign volunteers, the matter should be approached in more concrete and detailed fashion.

The Foreign Office hopes that the deliberations of the Non-Intervention Committee in London this week will show progress along this line.

Copies to London, Paris, Geneva, Rome.

Dodd

852.00/5557 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, May 29, 1937—6 p. m.
[Received May 29—5:40 p. m.]

175. Consulate's 173, May 29, 5 p. m.⁹³ The crux of the Spanish question before the League turned on the efforts of Eden to divert the issue from Geneva to the London Committee by magnifying the latter's accomplishments and its prospects of success and the efforts of Del Vayo to obtain League affirmation of the facts of foreign aggression in Spain. In these efforts Eden was to a degree supported by Delbos and Sandler⁹⁴ and Del Vayo by Litvinoff.

The final resolution was the result of protracted private negotiations between the British and the Spanish and was the subject of a series of secret Council meetings. From confidential sources I learn as follows:

Del Vayo did not ask for a specific mention of Italy and Germany in the resolution but demanded that it state in definite terms that the Spanish people must be permitted to control their own destiny. In particular he asked that a date be set for the withdrawal of foreign combatants. He took violent exception to Eden's reference to "two parties" as placing them on an equal footing and to Eden's characterization of the foreign troops as "volunteers" in the face of the proofs of Italian intervention which he had submitted to the Council. While he did not gain the inclusion in the resolution of the two points mentioned above he presented his contentions respecting Eden's statements in a declaration to the Council after the adoption of the resolution.

Del Vayo based his arguments on the technical position under the League Covenant. He declared it to be common knowledge supported by proofs which he had submitted to the Council that acts of aggression had taken place. The League was thus stultified and refused to recognize the existence of this aggression. He stated privately,

⁹³ Not printed.

⁹⁴ Rickard Johannes Sandler, Swedish Minister for Foreign Affairs.

however, that he would not push this position to the extent of "wrecking" the League which would be against his interests.

Litvinoff supported Del Vayo by asserting that not to recognize that an act of aggression had occurred would be to give up the entire international position respecting aggression and render ludicrous the efforts of League to define an aggression while concurrently refusing to recognize a flagrant example. On the other hand Litvinoff granted that nothing should be done to disintegrate the London Committee.

I obtained definite information that the Spanish Delegation had in its possession documents respecting German intervention somewhat parallel to the documents respecting Italy. They were issued by the Basque Government. Pierce, representative of the London *Times*, who had just returned from Bilbao showed me an extensive collection of photographs of documents respecting German participation in the Bilbao campaign with particular reference to the bombardment of Guernica. Among these was a map annotated by directions in German for the aerial bombardment of Guernica and he asserted that the actual bombardment fulfilled these directions. He said that part of this material was included in the Basque document to which I have referred. He stated further that he had sent this data to his paper which had not published it.

I learn that although Del Vayo refused as completely inconsistent the British request that he make no mention of Germany in his statements he nevertheless agreed not to present documents respecting Germany. A member of the Spanish delegation explained to me that they had been persuaded that Berlin really desired to withdraw German nationals from Spain and that it would thus be bad tactics to unduly irritate Berlin at this moment.

GILBERT

852.00/5552 : Telegram

*The Counselor of Embassy in Spain (Thurston) to the
Secretary of State*

[VALENCIA,] May 29, 1937—6 p. m.

[Received May 29—12:30 a. m.]

652. Based upon comments alleged to have been published in Berlin and Rome newspapers with respect to the danger to which German and Italian war vessels on non-intervention patrol service had been exposed by Government air attacks on Palma de Mallorca, the Ministry of National Defense day before yesterday and yesterday issued statements to the effect that in that harbor were ships engaged in the transport of war material to the rebels, that control service cannot be

exercised by ships of any nationality within Spanish waters and much less in its port, and that since Palma de Mallorca is not within the sphere of German patrol service the German vessel there was not in harbor in connection with such a mission, the same general observations applying to the Italians.

Today the Commander of the German Naval forces in the Mediterranean addressed a protest to the Spanish military authorities against repeated "approach in manner of attack" of Government planes to German war vessels engaged in control service, and warning that "orders have been given for corresponding counter measures" should the offense be repeated. The Minister of Defense has replied denying that Government planes have made aggressive flights over foreign war ships engaged in patrol work, pointing out that if such service is performed at the distance and under the conditions stipulated the vessels will be free [of] all danger from the Government aviation and naval services "a guaranty they will not enjoy if they imprudently and unwarrantedly anchor in ports [which were well-known] centers of rebel activity, against whom the Government is not obliged to restrain its action."

THURSTON

852.00/5553 : Telegram

*The Counselor of Embassy in Spain (Thurston) to the
Secretary of State*

VALENCIA, May 30, 1937—9 a. m.
[Received 6:40 p. m.]

653. My 652, May 29, 6 p. m. An official communiqué announces that yesterday afternoon while engaged in a reconnaissance flight over Ibiza two Government planes were fired upon by a warship anchored some 200 yards off the dock although the planes had effected no aggressive act toward the vessel in question or the city. The planes replied to the attack by dropping 12 bombs 4 of which struck the warship and exploded. Intercepted radio messages indicate that the war vessel is the German cruiser *Admiral Scheer*.

The communiqué adds that foreign warships engaged in control work should exercise supervision at the minimum distance of 10 miles from the coast, and that furthermore such service with respect to the Island of Ibiza was delegated to the French Navy for which reason the German cruiser had no legitimate errand at that place within Spanish jurisdictional waters.

THURSTON

852.00/5567: Telegram

The Ambassador in France (Bullitt) to the Secretary of State

[Extract]

PARIS, May 31, 1937—11 a. m.

[Received May 31—11 a. m.]

705. While Blum and Madame Blum were dining along with me last night he was called to the telephone and given the news with regard to the bombing of the German battleship *Deutschland*. He was much disturbed and continued to be so. In fact he telephoned me after returning to his home about midnight and told me that he intended to get in touch with London at once by telephone. He feared that the incident might produce most serious results.

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BULLITT

852.00/5551: Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 31, 1937—noon.

[Received May 31—10:16 a. m.]

707-708. Reference my 705 and 706, May 31, 11 a. m.⁹⁵ At 10:45 a. m. this morning Blum telephoned to me to say that he had just received a telephone call from François-Poncet, French Ambassador in Berlin, which had disturbed him so greatly that he wished to communicate with me at once.

Poncet last night and this morning had found the members of the German Government in a state of mind which led him to fear the gravest consequences. The news had just arrived that the German Fleet had already bombarded Almeria. Poncet feared that the German Fleet would bombard both Valencia and Barcelona. He, Blum, had not yet been able to get anyone in London on the telephone. Just as soon as he could talk with Eden on the telephone he would do so and he was certain that Great Britain and France would counsel moderation to the German Government through the medium of the German Ambassadors in London and Paris.

He appealed to me to attempt to have the American Government also counsel moderation through a conversation with the German Ambassador in Washington.

I said that I was certain the United States could not associate itself directly in any joint *démarche* of the British and French Governments. He replied that he considered it intensely important that

⁹⁵ Latter not printed.

counsels of moderation should come at about the same time from the United States as well as from France and England. He asked me if it might not be possible for me to get in touch at once with the President and to inform him that he Blum regarded the situation as most serious and that counsels of moderation from our Government to the German Ambassador in Washington might be decisive in determining how far Germany would go. The matter was especially grave Blum said because the account of the incident given by the Valencia Government appeared to be inaccurate. His information was that the *Deutschland* had not fired at the aeroplanes. I informed Blum that the President was at Hyde Park and could not possibly take up the matter personally but added that I would communicate his remarks to you at once. I shall attempt to telephone to you at 9 a. m. Washington time, 3 p. m. Paris time today.

From the point of view [of] our relations with the French Government it would be most valuable if in the course of expressing our sympathy for the loss of German lives in the attack on the *Deutschland* you should be able to express a hope that the incident may be settled peaceably. I quite realize that many questions are involved other than those of our relations with the French Government but in any event I hope that you will be able to inform me in the course of the day with regard to the reply I should make to Blum.

BULLITT

852.00/5562 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, May 31, 1937—2 p. m.

[Received May 31—10 : 05 a. m.]

122. The Foreign Office has just informed us in confidence the position of and action taken by the German Government with regard to the bombing of the *Deutschland* in the following three particulars:

1. The fortified harbor of Almeria was bombarded between 7 and 8 this morning in reprisal certain military positions being destroyed.

2. The German Government is notifying the Chairman of the Non-Intervention Committee in London that the German delegate will refrain from sitting on the Committee until his Government has received guarantees that in future there will be no further unwarranted attacks such as on the *Deutschland*.

3. Meanwhile and awaiting these guarantees German ships will withdraw from participation in non-intervention patrol duty and retire to some safe anchorage in the Mediterranean.

The Foreign Office regrets that according to reports just received from Washington the American press, particularly the Associated Press from Valencia, had erroneously reported the *Deutschland* in-

cident. Foreign Office states as incontestable that the *Deutschland* was bombed without notice and at a time the ship had withdrawn to the Island of Ibiza for off-duty recreation in conformity with the practice of all the patrolling powers. The *Deutschland* was entirely unprepared and not a shot was fired by her either before or after the bombing.

Since writing this cablegram an official communiqué has been issued here describing bombing of Almeria. American news services are cabling this to the United States.

Repeated by telegraph to London, Rome, Paris and Geneva.

DODD

852.00/5607

Memorandum by the Secretary of State

[WASHINGTON,] May 31, 1937.

The German Ambassador called upon my invitation. I first thanked him and then proceeded to say that, without regard to the merits in any sense, I was extremely sorry to learn of the unfortunate occurrence near Ibiza, Balearic Islands. I did not undertake to convey any sympathy as between governments.

I then said that I did not propose to discuss the facts pertaining to this unfortunate incident, for one reason that I did not know the facts. I said that furthermore it was not my purpose to discuss the question of whether a state of war exists for the reason the facts were not known. This statement referred to our embargo legislation and its possible operation, without so saying. I finally said that in any comment I might make I would keep entirely within the limits of absolute friendliness towards the German Government and the German people and of complete devotion to the cause of peace. Thereupon I said that my Government naturally desired to express to the German Government its most earnest hope that that Government may see its way clear to make peaceful adjustment of its difficulties growing out of and relating to the Spanish situation to which reference had just been made. I reiterated with some emphasis this view. The Ambassador expressed approval of these sentiments, and then added, with some emphasis, that his Government has no plan or purpose or disposition to enter into war with Spain; that the German battleship *Deutschland* was attacked from the air while the men were at mess with some 24 fatalities and more than 84 wounded; that the German Government had decided upon a reprisal in the way of a bombardment of Almeria which took place on Sunday morning (yesterday). He said that while he would not undertake to speak au-

thoritatively or finally, that he feels his Government will not become involved in a war. He added that his Government has no interest in the Spanish situation except that it does not desire to see a communist government established in Spain.

C[ORDELL] H[ULL]

852.00/5568 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 31, 1937—5 p. m.

[Received 8:43 p. m.]

709-711. Reference my 707 and 708, May 31, noon. Delbos telephoned me at 4:30 this afternoon to inform me with regard to a conversation he had just had with the German Ambassador. He stated that Eden had had a similar conversation with the German Ambassador in London.

Delbos said that the German Ambassador, Count von Welzcek, had no information whatsoever with regard to the action of his Government. He is not a Nazi and is usually left completely in the dark with regard to the policies of his Government.

Delbos said that he had pointed out to Von Welzcek that the Spanish rebels had destroyed several French planes and committed other acts injurious to French interests but that France had not gone in for reprisals. The French Government viewed most seriously the action of the German Government in taking unilateral action and felt that if the war in Spain was to be prevented from becoming an European conflagration it would be necessary that no government should resort to reprisals similar to the bombardment of Almeria.

Delbos said that he had then informed the German Ambassador that François-Poncet had had a conversation with Neurath at noon. Neurath had stated that the bombardment of Almeria by the German fleet had been an isolated act of reprisal and that no further acts of reprisal were to be expected. Neurath had then stated to Poncet that although Germany would not withdraw formally from the London Committee the German representatives would not sit with the Committee until the Committee should have made arrangements that would make it impossible for incidents such as the bombing of the *Deutschland* to be repeated. (Blum who telephoned me shortly after Delbos had finished speaking to me said that Poncet had informed him that in addition to refusing to sit with the London Committee Germany would withdraw her ships from patrol duty in Spanish waters.)

Delbos went on to say that he had pointed out to the German Ambassador that it was impossible for the London Committee to be given power to prevent such incidents as the attack on the *Deutschland* and the German Government's condition for cooperation in the work of the

London Committee therefore seemed to him to be one which it was impossible to fulfill and in fact nonsensical. Delbos asserted that Von Welzcek admitted to him privately that it seemed nonsensical to him also.

Delbos concluded by saying that it was his personal opinion that the Germans had now "spat out their venom" and that they were not likely to overcome Valencia or Barcelona.

Blum said to me that while it seemed unlikely to him that Germany would commit further acts of reprisal immediately nevertheless he believed negotiations for the settlement of the incident would be prolonged and difficult and that it still might have serious results.

Neither Blum nor Delbos has yet received confirmation of the report that the Spanish Government has demanded immediate convocation of the Council of the League of Nations but both believe that the Spanish Government will take this action.

BULLITT

852.00/5570 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, May 31, 1937—7 p. m.
[Received May 31—12:06 p. m.]

323. Your 211.⁹⁶ In reply to a question in Parliament this afternoon regarding bombings of *Deutschland* and Almeria Eden stated "In the course of an interview which I had with the German Chargé d'Affaires this morning I asked him to represent to his Government the earnest hope of His Majesty's Government that the German Government would take no action which would render the present grave situation graver still".

I have an appointment at Foreign Office at 7 this evening and will cable again shortly.

BINGHAM

852.00/5571 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, May 31, 1937—8 p. m.
[Received May 31—2:35 p. m.]

324. My 31st, 7 p. m. Foreign Office has just informed me Ambassador Henderson without awaiting instructions saw Neurath this

⁹⁶ Dated May 31, not printed; it instructed the Ambassador to report what representations were being made by the British Government to the German Government concerning the bombardment of Almeria (852.00/5569a).

afternoon who stated: "After 6 hours tussle with Hitler" that German Government was instructing its appropriate diplomatic missions of German Government's decision to withdraw from Non-Intervention Committee until adequate satisfaction received from Valencia Government. Furthermore, that the immediate reprisals at Almeria were directed against Valencia Government arsenals there.

Italian Embassy have advised Foreign Office they will temporarily withdraw representative from Non-Intervention Committee meetings until present situation adjusted. Foreign Office believes this withdrawal of Germans and Italians from Non-Intervention Committee is temporary and does not believe further meeting of Committee will be summoned until atmosphere somewhat cooler.

High Foreign Office officials speaking very confidentially points out that Valencia Government has no Spanish airmen equipped for bombing at such distance as Ibiza and restated previously reported opinion that any time there is a "general atmosphere of improvement in work of Non-Intervention Committee" incidents which may well arise under Soviet inspiration invariably occur.

Foreign Office confirmed strong representations made by Eden to German Chargé d'Affaires this morning and added that German Chargé had replied his Government's action in bombing arsenals at Almeria not precipitate since on Friday last German warnings had been given to Valencia Government.

BINGHAM

852.00/5608

Memorandum by the Secretary of State

[WASHINGTON,] June 1, 1937.

The Spanish Ambassador called at his own request. I first said to him that I, of course, was extremely sorry, without regard to the facts or merits, to learn of the two unfortunate incidents on Saturday night and Sunday morning pertaining to the bombing from the air of a German battleship off Ibiza, Balearic Islands, and the bombardment in return of Almeria.

The Ambassador then said that he came in to call attention to the official facts pertaining to these two related incidents. He said first that the *Deutschland* had no right to be stationed at this island; that the patrolling of this locality was charged to the French Navy according to the non-intervention agreement among the different nations; that the Spanish airplanes were first attacked by this German battleship; that the attack on Almeria was contrary to international law and without justification from every standpoint. The Ambassador then referred to previous military interference in the Spanish civil strife on the part of Germany and, as I recall, Italy, and earnestly

requested that this Government assume an attitude of condemning the German action for the reasons already stated.

I replied that this Government from the beginning of the Spanish internal strife has pursued its own separate independent course with respect to all developments relating to the Spanish situation and is continuing to do so; that this Government is primarily interested in keeping out of war and incidental to this is interested in peace everywhere; that in accordance with this attitude I have made it a practice up to this hour of preaching peace generally to every part of the world and of earnestly expressing the hope that each government involved in any way in the Spanish situation may find a way for the peaceful adjustment of every difficulty arising; that this especially relates to the two recent incidents already referred to in our conversation; and that I expressed this earnest hope alike to each government involved in these two related incidents of Saturday and Sunday.

The Ambassador was not satisfied, but again expressed his desire that this Government make some announcement condemnatory of the recent German course.

To this I again said that the Government for the present could only undertake to assemble the official facts and circumstances and that then the question of policy would arise; that in the meantime the Government had nothing further to say except a special urging upon the governments involved to find ways to preserve the peace.

C[ORDELL] H[ULL]

852.00/5597: Telegram

The Consul General at Barcelona (Perkins) to the Secretary of State

BARCELONA, June 1, 1937—11 a. m.

[Received 10:30 p. m.]

Spanish steamer *City of Barcelona* was sunk May 30 very near the coast 30 miles north of Barcelona en route this city. It is reported that the ship was attacked by a submarine presumably Italian and that 50 passengers were drowned.

My private information is that the ship was bringing some 500 "foreign volunteers" from French port Vendres. This is circumstantially supported by the fact that first local press reports were heavily censored but contain among the injured several non-Spanish names. I am being constantly informed that small groups of volunteers still succeed in crossing the border from time to time and that war materials are being brought from France by truck and small coastal boats. Ambassador Bowers and Embassies, Paris, and Valencia informed.

PERKINS

852.00/5585 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, June 1, 1937—1 p. m.
[Received June 1—10:20 a. m.]

124. Embassy's telegram 122, May 31, 2 p. m. British Embassy informs us their Ambassador has talked with Neurath and Blomberg⁹⁷ regarding *Deutschland* incident. He was informed that German Government now considers incident closed, the only question remaining being that of guarantees to the Germans and Italians with regard to their return to participation in the Non-Intervention Committee. British Embassy believes this is largely a case of "national honor" as was the matter of Almeria reprisal and that the matter can be arranged by identical notes to the Valencia and Franco Governments solemnly warning against a repetition of all attacks on non-intervention patrol ships with a clear indication that any future attack of this sort would be met by combined international patrol action. British Embassy believes this will satisfy the Germans and Italians and bring them back to the work of the Non-Intervention Committee.

British Embassy is convinced that the attack on the *Deutschland* was entirely on the initiative of the Valencia Government, that the Germans are blameless and furthermore that the entire country both Nazi and anti-Nazi are behind German Government's action.

British Embassy considers that the bad press for Germany in London yesterday and suspicion there of possible German initiative was due to Germany's bungling of publicity. Although the affair occurred on Saturday no news was published in Berlin nor any interviews accorded to the foreign press until Monday. Meanwhile the Valencia Government had quickly gotten out its version which with the German silence naturally aroused suspicion.

By telegraph to London, Rome, Paris, Geneva.

DODD

852.00/5595 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, June 1, 1937—2 p. m.
[Received June 1, 1937—1:45 p. m.]

183. 1. Del Vayo last evening transmitted a communication to the Secretary General which I mentioned as expected in my No. 177, May 31, 3 p. m.⁹⁸

⁹⁷ Field Marshal Werner von Blomberg, German Minister for Defense.

⁹⁸ Not printed.

The communication recalls his Government's misgivings respecting the naval patrol arrangements in confirmation of which it cites the *Deutschland* incident asserting that the Spanish planes were first fired on by the German warship; it informs the League States of the bombardment of Almeria which is termed a "fresh flagrant act of aggression" constituting "the greatest outrage against an independent and sovereign state of all the acts of aggression committed by the German Fleet" and in emphasizing the gravity of the situation speaks of the announcement of the despatch of further German warships to the Mediterranean. I understand that the United Press is carrying full text.

2. Respecting the possibility of League action, the situation upon the departure of the delegations last evening was that the British and French were opposing the convoking of an extraordinary Council while the Russians were to a degree advocating it. The withdrawal of Germany and Italy from the Non-Intervention Committee has its bearing here in weakening the Anglo-French contentions that the question be left to the Committee rather than to the League. Elements here which have consistently decried action taken "outside the Covenant" as lessening the League's prestige cite these withdrawals as a rebuttal of Eden's assertion respecting the efficacy of the Committee and in this they are supported by certain small power delegations. In my view however the Foreign Office[s] of the small powers will not be favorable to League action inasmuch as it might develop into a situation wherein they would be confronted with the inconsistency between their recent pronouncements of neutrality in European politics and their obligation to take a possibly partisan position under the Covenant, a situation which they have apparently preferred for the time being to leave in obscurity.

I am authoritatively informed that Avenol⁹⁹ states that a summoning of the Council would be a disaster. A member of the Spanish delegation told me in confidence that Del Vayo had talked to Valencia by telephone, that the Spanish Government had displayed a strong inclination to convoke the Council but that Del Vayo in view of the general political situation had advised against it and that this is where the question now rested. A member of the British delegation said to me that if a Council were held it would presumably meet in London. From the adverse attitude here it would seem that a Council meeting were improbable. However should Valencia formally request the meeting its convening would be technically imperative.

GILBERT

⁹⁹ Joseph A. Avenol, Secretary General of the League of Nations.

852.00/5599 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, June 1, 1937—7 p. m.

[Received June 1—4: 15 p. m.]

332. My 328 of June 1, 4 p. m.¹ The French Ambassador dined at the Embassy last night and I took occasion to ask his views upon the present situation. He said that he regarded it as very grave indeed and feared that it might be the incident of which all had been apprehensive, which would make it impossible longer to restrict the war within Spanish boundaries, although his Government and the British Government were doing everything possible, as heretofore, to bring about armistice.

I lunched with the Soviet Ambassador today and he criticized both the British and French Governments severely for not taking a definite and determined stand with both Germany and Italy, laying down the law, as he said, to them to clear out of Spain and stop all their activities there.

The Italian Ambassador is dining at the Embassy tonight and if I learn anything of interest from him, I shall send it over tomorrow.

This afternoon I saw Eden at the Foreign Office and told him of my Government's concern over the situation and that I should like to know his views and what course he intended to pursue; also whether his Government intended to try to operate through what was left of the Non-Intervention Committee or would proceed directly with the Governments concerned. He said that he was greatly troubled over the situation and that he would like to read to me in full the message he had received yesterday from the British Ambassador in Berlin reporting his conversation with Neurath. The Ambassador said that Neurath had told him that he, Neurath, fortunately had been in Munich; that he saw Hitler at once and spent 6 hours with him trying as far as possible to calm him down as he was in a furious rage; that he had urged upon him the wisdom of not taking any precipitate action. However, his efforts had met with only a partial measure of success and he had entirely failed to prevent the bombardment of Almeria as Hitler was determined that some such act of reprisal must be made and made promptly; that Germany should withdraw for the time at least from the Non-Intervention Committee and from any patrol activities. The British Ambassador's interview was broken off by a summons from Hitler.

Eden then read me the notes of his interview with the German Chargé d'Affaires. (See my 323, May 31, 7 p. m.)

¹ Not printed.

Eden told me that he had subsequently seen Ribbentrop who had merely reiterated the position taken by the Chargé d'Affaires but had assured Eden that apart from non-participation in the deliberations of the Non-Intervention Committee and in patrol work Germany would maintain the agreements made in connection with Spanish situation for the present. Eden said to me that it was fortunate that the *Deutschland* had gone into Gibraltar as it gave the British naval officers there an opportunity to examine the ship and that they had reported to him that the Germans who were killed and wounded were in the messroom which convinced him as it had convinced these British officers that the bombing was unprovoked. My own judgment coincides with this view. Eden said that he had stated to the Premiers of the Dominions and other representatives at the Imperial Conference only last Saturday that it looked as if the clouds were lifting. I mentioned to Eden it was an ominous coincidence that on several occasions when the situation seemed to be improving some untoward incident has occurred to upset the situation and increase its hazards and dangers. Eden replied that this was true and that it looked as if the Soviet Government wanted the British to pull its chestnuts out of the fire and would not be disturbed if Germany was at war with England and France leaving Russia with a comparatively free hand on the other side. He said he felt the situation although difficult and onerous was not yet hopeless and that his Government with the assistance of the French was doing everything possible to gain time and to bring about an appeasement in the present difficulties. He added that from his knowledge of the German temperament he was inclined to believe that it was quite possible Hitler and his regime might feel satisfied for the present at least with wreaking vengeance on Almeria because he did not think Germany was ready to precipitate a general war at this time; that as a matter of fact he anticipated more difficulty at the moment in dealing with the Italians than in dealing with the Germans. He especially asked me to say that if my Government had any suggestions as to the manner and method of dealing with this situation he would welcome them.

BINGHAM

852.00/5651

Memorandum by the Under Secretary of State (Welles)

[WASHINGTON,] June 2, 1937.

The Mexican Chargé d'Affaires called this morning by instruction from his Government and delivered to me a formal note dated June 2.² Upon reading the note, I ascertained that the purport of it was that

² Not printed.

the Mexican Government requested President Roosevelt "to take the steps which he might judge opportune in order to invite the European countries to obtain a pacific solution of this German-Spanish conflict".

After I had read the note, I said to Dr. Quintanilla that, in view of the importance of the contents of the note, it would, of course, be necessary to give it consideration and that I would make at the earliest possible moment a formal reply in writing.

Dr. Quintanilla took occasion to say that his interpretation of the step taken by the Government of Mexico was that it felt itself helpless, because of its situation and because of its relative unimportance, to take the initiative in a matter of this kind and, consequently, turned to its closest and powerful friend, the United States. I said that I was deeply grateful for the friendly reference which the Chargé d'Affaires made and that it was unnecessary for me to tell him that it was our hope always to be able, so far as our national policy made it possible, to accede to the requests made by the Government of Mexico and continue cooperating with that Government in the interest of world peace.

I then said that I thought I would take the opportunity, for his information and for that of his Government, of laying before him certain aspects of the question.

I said that, of course, in the first place, we did not feel that we had had an opportunity of knowing clearly what the facts in the recent incident were; that, as he knew, the German Government made certain very definite statements as to what had occurred in the matter of the bombing of the *Deutschland* and that the statements made by the Spanish Government were quite distinct. It seemed to me that it would be very premature for this Government to rush into any situation of this highly delicate character without being certain of what the facts really were.

Secondly, as he knew, the questions involved were questions which were already receiving the most earnest attention of the Non-Intervention Committee at London and that I understood the Spanish Government was likewise bringing the incident to the attention of the League. As he knew, our policy was one of independent action, but we felt that the primary responsibility for moving towards a pacific solution of the difficulty which had arisen was certainly a European responsibility.

Third, I told him I had no doubt that he had read in the newspapers the friendly and informal representations which had been made by the Secretary of State to the German Ambassador and the Spanish Ambassador, in which they had been requested to express to their two Governments the very earnest hope of the United States that a peaceful solution might be found.

In conclusion, I said that I had the very definite feeling that precipitate action in this matter, however well intentioned, might easily

prove more harmful than beneficial in the interest of the maintenance of peace, and that I felt that the moment was one in which the European powers, who were more intimately concerned than the American continent with the controversy, should be permitted to attempt to work out a satisfactory and pacific solution.

The Chargé d'Affaires said that he would inform his Government of the considerations I had advanced and expressed great appreciation for the friendly way in which I had received his Government's communication.

S[UMNER] W[ELLES]

852.00/5637

The Spanish Ambassador (De los Rios) to the Secretary of State

[Translation]

No. 156/15

MEMORANDUM

The Ambassador of Spain, with reference to the conversation that he held yesterday morning with the Secretary of State, in order to inform him as to what has occurred in Spain in the last few days and to make the most energetic protest in the name of Spain to the Secretary of State, as the representative of the United States Government, against the bombardment of the city of Almeria by German warships, desires to present for the consideration of the Secretary of State, a study of the following facts:

First: By virtue of the agreements of the London Non-Intervention Committee, the patrol (*vigilancia*) of the island of Ibiza is incumbent on French vessels;

Second: By virtue of the decisions of the said Committee, patrolling vessels cannot enter Spanish jurisdictional waters;

Third: The decisions of said Committee forbid the use, by vessels exercising patrol duties, of Spanish supply ports other than those which have been specifically indicated: for this purpose certain ports of Morocco were assigned to Germany;

Fourth: Even though the German warship was violating the above-mentioned decisions, it was the ship itself that opened fire on the Spanish airplanes which were proceeding to Majorca on a reconnoitering flight. They replied by bombing the aggressor;

Fifth: Germany, instead of sending the pertinent statement of facts to the Non-Intervention Committee, in order that the latter might proceed as required by justice, organized a naval expedition, and, without any notice whatever to the civilian population, carried out an atrocious bombardment of the city of Almeria which is practically reduced to ruins.

It will be abundantly clear to the enlightened intelligence of the Secretary of State and the United States Government that to take such a step as that taken by Germany without its being preceded by any explanation through international agencies fortunately existing, presupposes a complete disintegration of all the norms of international life, as it is equivalent to substituting for them purely unilateral decisions.

The Ambassador of Spain has the honor to transmit to the Secretary of State a copy of the telegraphic information received from the Spanish Government³ pertaining to the matter to which this memorandum refers.

WASHINGTON, June 2, 1937.

852.00/5615 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, June 2, 1937—6 p. m.
[Received June 2—2:22 p. m.]

334. Opinion more confident here today. From conversations I gather that permanent Government officials consider the apprehension over the *Deutschland*-Almeria incident has been unnecessarily exaggerated and confirm Eden's view expressed in the end of the last paragraph but one of my 332 June 1, 7 p. m., "It was quite possible that Hitler and his regime are satisfied for the present".

Foreign Office is preparing instructions to go out tonight:

(1) To British Ambassadors in Berlin and Rome instructing them to attempt in their official conversations to confirm British understanding that these two Governments in ceasing "to take part in control schemes as well as in the discussions of the Non-Intervention Committee as long as they have not received their guarantees against the recurrence of such events" limit the withholding of their cooperation from Non-Intervention Committee only in these two particulars and do not intend to withdraw their observers or adherence in other respects.

(2) British Government instructions to British Ambassadors in Paris, Rome and Berlin setting forth British suggestions both as to zones of non-aggression, ports of call, et cetera, et cetera, not only for protection of foreign warships taking part in control of the Non-Intervention Committee but also for foreign warships of any or all nationalities in Spanish waters to the end that a provision may be effected against the recurrence of recent events.

³ Not printed.

While Foreign Office states British representative has approached the Valencia Government subsequent to the Italian incident at Majorca on Friday of last week and obtained a satisfactory delimitation of a safety zone there, no instructions have been issued to the British representative at Valencia in regard to fresh representations based on the *Deutschland*-Almeria incident. However, when the British, French, Italian and German Governments reach agreement on the discussions envisaged above (see No. 2) this scheme of guarantees will be presented to both factions in the Spanish situation for approval and it is hoped then the Italian and German Governments will resume their places in the Non-Intervention Committee where the final details may be worked out.

BINGHAM

852.00/5621 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, June 3, 1937—1 p. m.

[Received June 3—10 a. m.]

127. The Russian Ambassador insisted yesterday that he was sure Germany and Italy intend now to wipe out the Spanish Government as soon as possible. He also repeated fears of Balkan Ministers here that their zone is in grave danger. Confidential reports to me this morning say Germany is already sending troops as well as submarines to help Franco. The Russian repeated the belief of his Government that the United States is the only country that can prevent war, England being hopeless.

DODD

852.00/5632 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, June 3, 1937—1 p. m.

[Received June 3—10:25 a. m.]

272. Learn from governmental sources thought reliable that bombing of *Deutschland* was due to belief that it was the insurgent ship *Baleares*. Government having paid penalty for blunder at Almeria will not make this excuse however. It is more concerned over reports from Rome that Mussolini plans a "punitive expedition". A strong and thus far successful counter offensive of the Basques makes less certain the taking of Bilbao. A feeling here that should insurgents fail there, there is a grave possibility that Italy may throw discretion to

the winds and gravely endanger European peace. My colleagues here all agree that the present situation constitutes the greatest danger of European involvement since the war began. More fear here of rash action by Italy than by Germany.

BOWERS

852.00/5634 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, June 3, 1937—7 p. m.
[Received June 3—3 : 35 p. m.]

259. My 257, June 1, 6 p. m.⁴ During my conversation with Count Ciano this afternoon I asked him whether he could give me any reassuring information with regard to the situation that had developed as the result of the recent bombing of Italian and German ships. He said that there was no further step in preparation or in contemplation and that the Italian Government was doing everything it could to prevent any further incidents, that Italian ships had been withdrawn to places of safety, that the Government was continuing to carry out strictly the terms of the Non-Intervention Agreement and was not sending forward any men or arms in spite of certain press allegations to that effect and that he was waiting to see what guarantees the Non-Intervention Committee could provide. The German and Italian Governments, he said, were in close collaboration but there had been no request made of the Committee by either of them as yet for any precise guarantees. While it is widely held here that the bombing of Italian and German ships on international duty is an exceedingly serious matter, in my opinion the Italians are most anxious to avoid any further complications in an already complicated situation.

PHILLIPS

852.00/5651

The Secretary of State to the Mexican Chargé (Quintanilla)

WASHINGTON, June 4, 1937.

SIR: I have received your Embassy's note No. 3984 of June 2, 1937,⁵ in which you inform me that the Government of Mexico "desires to contribute such means as may be within its power in order that there may be peacefully settled the grave international incident which, during recent days, has risen to complicate still further the delicate European situation."

⁴ Not printed.

⁵ Not printed; but see memorandum by the Under Secretary of State, June 2, p. 318.

You call to the attention of the Government of the United States, by instruction of your Government, "the pleasure with which Mexico, inspired by the sincerest sentiments of humanity, would view the steps that His Excellency President Roosevelt might judge proper to take in order to invite the countries of Europe to settle peacefully this German-Spanish conflict."

First of all I desire to express my very deep appreciation of the confidence which the friendly suggestion contained in your note indicates has been placed in my Government, and I hasten to assure you that it is my hope and desire, so far as our national policy permits, to accede to any request made by the Government of Mexico and to continue to cooperate with it in the interest of world peace.

From the outset my Government has been appalled by the distressing conflict which now rages in Spain and has been, and continues to be, desirous of lending its aid in every appropriate way toward a peaceful settlement of that tragic situation.

With regard to the international incident of the last few days which threatened grave complications, I immediately took the opportunity on behalf of this Government to express the very earnest hope to the German Ambassador and the Spanish Ambassador that their governments would find a peaceful solution of the difficulty that has arisen.

I am informed that the conflict is also receiving the earnest and urgent attention of the Non-Intervention Committee at London. It is evident, therefore that steps are already being taken by the countries of Europe which are more intimately concerned with the controversy than are the countries of this Continent, to bring about a pacific solution of the difficulty which has arisen. Consequently my Government, although appreciating the high motives of the Government of Mexico in suggesting that it take some initiative in the matter, feels that the best interest of peace will be served by permitting the European countries that have the first responsibility for the maintenance of peace in Europe to continue their efforts.

My Government is deeply appreciative of the confidence which the Government of Mexico has displayed in it, in suggesting that President Roosevelt take steps looking toward the termination of the critical situation that has recently arisen in Europe, and it is more than ever gratified at the fervent desire for world peace which the Government of Mexico has expressed and which my Government earnestly shares.

Accept [etc.]

CORDELL HULL

852.00/5639 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, June 4, 1937—noon.

[Received June 4—8:45 a. m.]

261. My 259, June 3, 7 p. m. The British Ambassador has this morning sent to Count Ciano an *aide-mémoire* containing the guarantees which have been proposed by the Non-Intervention Committee. Similar communications have also been handed to the German and French Governments but apparently not to the Soviet Government. The so-called guarantees are 3 in number :

- (1) assurances that foreign warships will be respected;
- (2) in order to avoid accidental attacks the two Spanish parties shall designate safety zones in ports to be agreed upon for purposes of refueling, et cetera;
- (3) the two parties are to be informed that failure to implement these assurances as well as any interference with ships on patrol duty "will in future form the subject of consultation between all four countries on the situation thus created".

PHILLIPS

852.00/5645 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, June 4, 1937—4 p. m.

[Received 10:15 p. m.]

663. The Minister of State has handed to me a copy of a note dated June 3 he has addressed to the British Chargé d'Affaires for delivery to the Non-Intervention Committee.

After reiterating the disapproval of the Spanish Government with respect to the control system, which placed it on a parity with the rebels, and presenting its version (my telegrams 652, May 29, 6 p. m. and 653, May 30, 9 a. m.) of the incidents which led to the bombardment of Almeria, the note presents the following résumé :

1. The Government protests against the bombardment of Almeria.
2. That as a consequence of the control system Spanish sovereignty has been abused and Spanish honor insulted.
3. The Spanish Government reserves the right to claim recompense for the material and moral damages inflicted by that part of the German Navy entrusted with control service under the Non-Intervention Pact—a pact Germany and Italy systematically violated.
4. The Spanish Government demands of the states, parties to the pact, guarantees to the end that the exercise of its right to effect acts of war in its waters will not produce incidents such as those cited.

In conclusion it states that the Government is willing to submit for examination by competent international organizations the accuracy of the fact that the act of aggression emanated from the *Deutschland*.

THURSTON

852.00/5661 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, June 7, 1937—7 p. m.
[Received June 7—4 : 55 p. m.]

267. My 266, June 6, noon.⁶ The newspapers this afternoon publish a statement inspired by official sources to the effect that Ciano has given the British Ambassador the Italian reply to the proposals. After summarizing the British proposals and specifying that they refer to the four powers exercising naval surveillance, the statement says that Italy and Germany have accepted the proposals in principle but ask that the third point which is weak be strengthened by reserving the right for any power attacked to take appropriate measures directly and independently of consultation with the other three countries.

The British Embassy confirms this description of the Italian reply and states that the impression given is generally favorable. The third point will, however, require clarification as the Italians have not made clear exactly what is meant by the "right to take appropriate measures" and it is hoped that will include only the legitimate right of self-defense and not extend to reprisals.

The Embassy has also learned in confidence that the Italian reply paraphrases the German answer to the British note and it is apparent that the Italians followed the German lead.

PHILLIPS

852.00/5686 : Telegram

The Chargé in the Soviet Union (Henderson) to the Secretary of State

MOSCOW, June 9, 1937—3 p. m.
[Received 5 : 25 p. m.]

110. Although Moscow is endeavoring to play the role of an interested spectator instead of an active participant in the events which are taking place in Western Europe, it is thought that perhaps this Mission's appraisal of the Soviet attitude with respect to these events may be useful to the Department at this time:

⁶ Not printed.

1. The Soviet press, which during recent months has been full of bitter attacks upon Germany and Italy, greeted the bombardment of Almeria with numerous editorials and articles tending to show that: (a) Germany had deliberately provoked the incident in order to find an excuse for freeing itself from the restraining influence of the Non-Intervention Committee; (b) Soviet press and officials have been correct in warning Great Britain and France of the futility of endeavoring to curb German aggression by following policies of conciliation and concession; (c) German and Italian intervention in Spain has developed into open warfare and the peace of all Europe is gravely menaced; (d) the best method for preserving European peace would be for Great Britain and France to abandon their conciliatory policies and to unite at once with other peace-loving powers in calling the bluff of the Fascist aggressors; (e) Blomberg has gone to Rome in order to inspect the Italian armed forces and to ascertain the advisability of the conclusion of a formal German-Italian military alliance which would be aimed first against Spain and eventually against other countries which might endeavor to obstruct the execution of the German-Italian program in Europe.

2. The Kremlin has taken advantage of the indignation aroused among international labor circles again to demand that the Second and Amsterdam Internationals form with the Communist International an international labor front "for the purpose of establishing world unity of action against the military intervention of Germany and Italy in Spain". The Embassy is convinced, from such information as it has been able to obtain, that the Kremlin is willing to offer considerable concessions in so far as its own open and direct leadership of the world revolutionary movement through the medium of the Communist International is concerned in order to achieve such a front.

3. Soviet officials show reluctance in discussing developments in Spain and Western Europe. A responsible official of the Foreign Office nevertheless has told me that:

(a) In the opinion of the Soviet Government the situation for Europe is extremely dangerous and that unless Great Britain and France give Italy and Germany categorically to understand that no further acts of intervention or aggression will be tolerated a general European war is likely to evolve.

(b) The dispatch of additional German war vessels and submarines to Spain is causing the Soviet Government considerable concern.

(c) Reports which the Soviet Government has received from Valencia indicate that the Spanish Government feels that the talks of the Secretary of State with the German and Spanish Ambassadors in Washington have been particularly helpful.

(d) The Soviet Government hopes that the United States will find it possible to join with France and Great Britain to the extent of bringing at least moral pressure to bear upon Germany and Italy.

4. No information is available here which would indicate that the Soviet Government has directly endeavored to persuade the Spanish Government to bomb German or Italian war vessels in Nationalist waters. It seems quite possible, however, that Soviet officials in line with their general European policies did advise the Spanish Government to show stiffer opposition to Italian and German interference and that this advice may have contributed to the Spanish decision to bomb the *Deutschland*. Regardless of whether Soviet officials may or may not have had some share of responsibility for the bombing, the Embassy is convinced from the attitude of Soviet officials and the press that the Soviet Government welcomed the incidents in the hope that they would put a stop to the temporizing policies of France and Great Britain and that it is deeply disappointed at the failure of these two powers to take a firmer stand in the matter. Both the Soviet press and the Spanish Ambassador have denied that the pilots of the planes which bombed the *Deutschland* were Soviet nationals.

HENDERSON

852.00/5711 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, June 14, 1937—3 p. m.
[Received June 14—11:05 a. m.]

378. My 180, March 31, 5 p. m. After final consultation on Saturday between Eden and the French, German and Italian Ambassadors, agreement was reached on the text embodying provisions for the security of the four control fleets patrolling the Spanish coast (see my 334, June 2, 6 p. m.). The matter has now been referred to the two authorities in Spain and when the assurances required of them have been given it is expected Germany and Italy will return to the Non-Intervention Committee and it is now hoped a plenary session of the Non-Intervention Committee may be called within the next 10 days.

BINGHAM

852.00/5735

The Spanish Chargé (De la Casa) to the Secretary of State

[Translation ']

No. 135/03

WASHINGTON, June 14, 1937.

Mr. SECRETARY : I have the honor to transmit to Your Excellency the following information which I have received from my Government.

¹ File translation revised.

During the last few days more than one hundred German planes in the service of the rebels have dropped tons of shrapnel (*metralla*) on the Basque people, bombing the fronts and the villages of that country and continuing the terroristic methods which this same air force used in Durango and Guernica. They threw more than fifty bombs on the Bilbao cemetery, destroying hundreds of graves, scattering the remains of the dead, and causing a horrible spectacle. The Government forces succeeded in bringing down three planes; one [a ?] Heinkel bimotor, Model 111, which fell within their lines, causing the death of the crew, who were Germans, as in the case of all the other aviators previously captured on this front.

In compliance with the instructions of my Government, I advise Your Excellency of the facts above stated and also place on record the protest of my Government against the criminal action of the German air force assigned to service with the rebels.

I avail myself [etc.]

ENRIQUE CARLOS DE LA CASA

852.00/5914

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

No. X-144

VALENCIA, June 14, 1937.

[Received July 3.]

SIR: The Spanish press frequently asserts that the Government forces are waging a war on behalf of democracy, and professes to be amazed by the failure of the major democracies—by which they usually mean Great Britain and France—to appreciate that fact and enter the conflict. Especial emphasis has been laid, in this respect, on the significance to France of the entry into Spain of large numbers of German volunteers and the threat, in the event of a rebel victory, which that fact is presumed to imply. It frequently has been pointed out that should the Germans obtain a foothold in Spain France would be compelled to establish a new line of permanent fortifications—along the Pyrenees—and to revise its entire military program.

During a recent conversation the Spanish Minister of National Defense, Señor Indalecio Prieto, gave me to understand that views similar to those outlined above are seriously entertained by the French authorities and have been the subject of discussions with the Spanish Government. In this connection Señor Prieto stated that he desired to inform me in strict confidence of the facts attendant upon the recent flights of two squadrons of Spanish Government airplanes over French territory, and their detention at French landing fields and subsequent

return to Spain. According to Señor Prieto, the French General Staff maintains several "observers" on the Basque front (Bilbao being regarded as a special German military-economic objective), who some weeks ago informed the Government that unless at least sixty airplanes should be sent to that front at once the rebel air superiority would in all probability bring about the fall of Bilbao. At the same time, in view of the physical difficulties of sending airplanes over the wide strip of rebel territory that intervenes, it was agreed that the Government planes might fly over French territory. When the first squadron of planes that attempted to enter the Basque region in this manner was held up by the French authorities it was assumed that there merely had been a failure to coordinate policy, and a second attempt was made. This squadron, as the Department will recall was also returned to Government territory after being disarmed. Señor Prieto states that the only explanation for the failure of the French authorities to carry out what he evidently regarded as an agreement lies in the "precarious internal political situation of France".

The readiness of responsible French authorities to lend active assistance to the Spanish Government implicit in the foregoing gives weight to the story of . . ., reported in Vice Consul Wells' telegram dated June 1—6 p. m.,⁸ concerning the presence of volunteers aboard the *S. S. City of Barcelona*.

Respectfully yours,

WALTER C. THURSTON

852.00/5740 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, June 16, 1937—11 a. m.

[Received 3:55 p. m.]

674. The following is based upon recent conversations with Giral, Prieto, and Zugazagoitia :

(1) Bilbao. The Government is prepared for the fall of Bilbao but clings to the hope that it may hold out.⁹ It is admitted that fall will have serious consequences, more political perhaps than military in character—but it is asserted that it would not be a decisive event.

(2) Control. The Government is not reconciled to control which it regards as unjust, ineffective, and the source of grave dangers. The last London proposal probably will be delivered here today and I should not be surprised if it were to be rejected or acquiesced in under conditions other powers would not accept. Particular disfavor

⁸ Not printed; it reported a request for assistance from an American survivor of the *City of Barcelona* disaster (852.2221 Sauermilch, Alexander/1).

⁹ The insurgent wireless station broadcast at 4:45 p. m. on June 19 that Bilbao had just been taken (852.00/5778).

attaches to the "neutral zone" feature which Government believes would restrict its military operations against rebel ports and facilitate the activities of Italian and German warships. Opposition to employment of warships for control service also expressed and utilization commercial vessels with neutral observers aboard favored.

(3) Internal. Order apparently prevails in rear guard throughout Government territory. Disarming of civilians and Anarcho-syndicalist and similar groups have not been effected to a satisfactory degree. Antagonism toward Communist Party because of its efforts to obtain paramount place very noticeable on the part of the C. N. T. and to a lesser extent on the part of the Socialist Party and the U. G. T. C. N. T. now evinces intention to reenter the Government and has submitted a "minimum program" of governmental action. There is no immediate indication that it will be readmitted.

(4) Diplomatic Conference. There is much speculation but little authoritative information concerning the conference now in progress here between Government and virtually all Spanish diplomatic representatives in Europe and the Ambassadors to the United States and Mexico. Giral states conference for purpose receiving report on sentiment various countries and coordinating policy.

THURSTON

852.00/5743 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, June 16, 1937—8 p. m.
[Received June 16—4: 18 p. m.]

283. Count Ciano informed me this afternoon that he had just received a report to the effect that an Italian merchant vessel had been bombed off the southern coast of Spain while on its way through the Mediterranean to discharge its cargo principally of cotton seed and oil cake in Glasgow and in London. Two planes had dropped thirty bombs, the vessel had been damaged slightly in the bow and was taking water but there had been no casualties. He mentioned that this incident had occurred on the very day on which the Italian Government had returned to the London Non-Intervention Committee.¹⁰

While Ciano said he had not yet had time to advise the Duce, he thought that no serious complications would result since there had been no loss of life.

PHILLIPS

¹⁰ On June 16 the German and Italian Ambassadors in London informed the Chairman of the Non-Intervention Committee that Germany and Italy had decided to resume cooperation with the Committee and active participation in naval control (852.00/5741).

852.00/5781 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, June 20, 1937—9 a. m.

[Received 1:30 p. m.]

683. My 674, June 16, 11 a. m. Draft copy of Spanish reply to London note on control (subject to slight changes) handed to me last evening by Giral contains following points:

(1) Surprise expressed that note presented on behalf of four members rather than by full Non-Intervention Committee. Government therefore awaits statement by Committee before committing itself.

(2) Government unable to give consideration to the proposals advanced until they are accompanied by others designed to guarantee the safety of Spanish merchant ships, ports, and coastal cities against the more or less disguised attacks to which they have been subjected by German and Italian warships, and to prevent such vessels from continuing to lend their collaboration to naval units in the possession of the rebels.

(3) Not to adopt a purely negative attitude, Government suggests consideration of idea of emphasizing the international character of control vessels by having neutral observers on them. This would be facilitated if the control service were to be entrusted to armed trawlers or small auxiliary craft instead of large units of the fleets.

(4) Finally the Government energetically protests against employment in note of phrase "two contending parties" since it implies equality of Government with Rebels.

THURSTON

852.00/5782 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, June 20, 1937—1 p. m.

[Received 1:45 p. m.]

687. Communiqués issued by the Ministry of National Defense refute, on the personal word of honor of Prieto, the German claim (which is regarded as the precursor to some maneuver) that the *Leipzig* has been attacked by Government vessels;¹¹ and interpret the remarks of Admiral Raeder¹² at the funeral of the *Deutschland* victims as confirming the Spanish version of the Ibiza bombing.

THURSTON

¹¹ The alleged attacks upon the German cruiser *Leipzig* took place on June 15 and 18.

¹² Adm. Erich Raeder, Chief of the German Navy.

852.00/5797 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, June 22, 1937—8 p. m.
 [Received June 22—5:45 p. m.]

835. In conversation today with a responsible Foreign Office official he said that the French Government had received no information which would furnish a satisfactory explanation for the brusque decision of the Germans to postpone Von Neurath's visit to London. The French Government greatly regrets this postponement and the fact that because of it and because of the German attitude in the matter of the alleged torpedo attack on the *Leipzig* the improvement in the international situation which was noted a few days ago has suffered a setback.

The Foreign Office is at a loss to understand the motive for the change in the German attitude. They are not inclined to believe that Germany wishes to involve herself more deeply in the Spanish situation; nor do they put stock in the somewhat facile explanation heard in some quarters that with troubled conditions in Russia and the governmental upset in France Germany may believe the moment favorable for action in central Europe; the officials with whom we talked said that no satisfactory proof has been submitted to substantiate the claim of an attack by Valencia submarines. He added that while the French and British Governments were prepared to consider a joint warning by the four naval control powers to the Valencia Government, they obviously could not agree to the German demand for a "mass action" against the Spanish Government as a punishment for the alleged submarine attack.

BULLITT

852.00/5799 : Telegram

The Embassy in France to the Secretary of State

PARIS, June 22, 1937—midnight.
 [Received June 22—9:15 p. m.]

838. The Ambassador who is on a brief inspection trip of our consulates in southern France telephoned the Embassy this evening at 10 o'clock to request that we relay the following message to you. He did not wish to call Washington from the south of France because of bad telephone connections. In fact it is only with great difficulty that he is able to understand us when we talk with him over the telephone from Paris.

The Ambassador received at 10 o'clock this evening a telephone call from Blum. Blum told him that he had decided to remain in the Gov-

ernment and had just accepted the post of Vice President of the Council of Ministers and Minister without Portfolio.

Blum then informed the Ambassador that the Germans had withdrawn from the London meeting today with regard to the "Leipzig affair" with the announcement that they intended to take action themselves with reprisals of their own independently of anybody else. He replied there was a conversation this evening over the telephone between Eden and Delbos (who incidentally will continue as Minister of Foreign Affairs in the new Government just formed this evening) with regard to the German action. Both Eden and Delbos are extremely apprehensive. They both agreed to have their Ambassadors in Berlin go to the German Foreign Office tomorrow morning at 10 o'clock and make a *démarche* and to urge the Germans to be quiet and handle the whole affair in a peaceful way.

Blum then told the Ambassador that he was very much disturbed over this step of the Germans and asked Mr. Bullitt whether or not the American Government could have its Ambassador in Berlin do the same thing. Mr. Bullitt replied that he was entirely uninformed with regard to the matter and assumed Washington was uninformed but felt quite certain that the American Government could not join in a Franco-British *démarche*. He added, however, that he would be glad to take up the matter with Washington.

Mr. Bullitt requested me¹³ over the telephone to suggest to you that you might wish to consider telephoning to the German Ambassador in Washington to ask him for news regarding the German action in London today and in so doing state to him that we were very much concerned about the whole affair and hoped that everything would be settled quietly and amicably.

BULLITT¹⁴

852.00/5805 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, June 23, 1937—1 p. m.
[Received June 23—9: 05 a. m.]

841. Our 836¹⁵ and 838, June 22. The Foreign Office has informed us that the French and British Ambassadors made their *démarche* on the German Government at 10 a. m. this morning as planned in order to urge moderation. François-Poncet later reported that he found the attitude of the German Government less uncompromising than the

¹³ Probably Edwin C. Wilson, Counselor of Embassy in France.

¹⁴ As a matter of routine, telegrams from Embassies are sent over the name of the Ambassador when he is absent from his post except when a Chargé d'Affaires has been designated.

¹⁵ Not printed.

violent tone of the Berlin press this morning had led him to fear. While the German Government still maintains its demand for a joint naval demonstration it appears that for the moment the only action which it is certain to take will be to withdraw its vessels from the naval control operations without, however, formally withdrawing from the London Committee. For the moment, according to the Foreign Office, the situation has taken a more hopeful turn although the French Government continues to be very much concerned over the possibilities that the Germans may after all decide on some arbitrary action.

BULLITT

852.00/5815 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

[Extract]

LONDON, June 23, 1937—4 p. m.

[Received June 23—3:40 p. m.]

400. With reference to my telegram 398, June 22, 4 p. m.,¹⁶ . . .

Foreign Office in discussing Eden's meeting with the three Ambassadors yesterday stated the Germans at first presented very stiff demands which in the course of the discussions they very much modified and finally only insisted that there should be some demonstration of solidarity by the non-intervention powers in the face of the Valencia Government. The French, however, were unwilling to consider any demonstration at any time unless it was made simultaneously before the Franco and the Valencia Governments. The British took the line that due to their traditional position they must insist on an investigation first which the Germans feared would occupy extended time and "lead eventually only to the Hague Court". Foreign Office remarked on the helpful attitude of Italy in an attempt to modify the German stand and reach a compromise agreement.

However, the failure of yesterday's meeting resulted in the communiqué of last night, and today the Foreign Secretary has announced in Parliament that the German and Italian ships have withdrawn from the naval patrol but not from the Non-Intervention Committee. The Foreign Office understands that the June 12 agreement, since it has not been denounced, still stands for future occasions and that it is abrogated by the Germans only in the case of this one *Leipzig* incident. The *Leipzig* incident occurred at a moment when Hitler was just returning from the funeral of the *Deutschland* victims when all the Nazi Party were very much worked up.

¹⁶ Not printed.

There is a feeling here that possibly Neurath may be able to persuade Hitler to modify his position taken yesterday and Ambassador Ribbentrop leaves here tonight for Berlin. Foreign Office stressed again that the June 12 agreement between the four powers was badly received in Moscow and that the *Leipzig* incident disrupting further the Non-Intervention Committee follows on its heels. Foreign Office also pointed out that yesterday evening Paris was sending out rumors of an international crisis over the break up of yesterday's meeting which were consciously exaggerated. Delbos had even called up Eden at midnight but failed to excite him according to the Foreign Office since it was patent that the international situation was being exploited by the new French Government to broaden the bases of its support at home. Foreign Office stated that for other reasons the Soviets were also interested in exaggerating rumor. I am informed by a foreign press correspondent who incidentally has close contacts with the Soviet Embassy that he learned today that the American Ambassador in Berlin would be instructed to make representations urging moderation upon Germany. Foreign Office in conclusion stated the immediate problems would be taken up in an early meeting of the Non-Intervention Committee involving such questions as determining the nationality of vessels to take over the work of German and Italian patrol and whether German and Italian warships would be withdrawn from Spanish waters or remain there pending the settlement of the *Leipzig* incident. Foreign Office stressed there was no crisis and that the Non-Intervention Committee in which Germany and Italy were represented offered a normal means of dealing with current problems.

BINGHAM

852.00/5818 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, June 23, 1937—7 p. m.
[Received June 23—3:25 p. m.]

142. My 141, June 23, 1 p. m.¹⁷ In our conversations this morning several ideas were put forth which might interest the Department.

The Foreign Office told us that since the purpose of Neurath's visit to London was to discuss general political questions it was felt that for him to go there in view of the sudden *Leipzig* case would pin the conversations down to the details of its solution, thus preventing the broader discussions. Neurath yesterday seemed visibly upset by the change of his plans. Nevertheless and quite naïvely there seemed an almost entire failure at the Foreign Office to comprehend how closely associated were the *Leipzig* affair, the Neurath visit and the

¹⁷ Not printed.

remarkable opportunity for the improvement of Anglo-German relations, occasioned and reflected by the new British Ambassador's attitude; an example perhaps of the amazing lack of political sense and tact distinguishable in Germany.

The Italian Embassy discussed at some length its general lack of faith in the efficacy of the naval control in Spanish affairs unless entered into in a far more comprehensive scale than at present. It emphasized the nervousness of the German naval authorities about the safety of their ships which Italian Embassy believed was especially the case because this was the first so-called "foreign" venture of the German Navy or indeed of the German armed forces since the war. Italy had had the Abyssinian affair in which she had come through successfully. Italy therefore could and did take a calm view of this sort of thing. Germany on the other hand was so to speak a debutante in this regard and was therefore quite nervous over the success of this first appearance as well as with regard to keeping the small navy intact.

We have the impression that this question of the safety of the German ships has been playing a considerable role in the whole affair. Failing to see the wood for the trees, Germany views the matter more immediately on the naval plane, failing perhaps to appreciate the greater advantages for the country's present and future in the successful operation of a four power consultation arrangement with all its implications of future development with respect to general European affairs.

While in our conversations with the Italian Embassy they seemed to appreciate the unfortunate blow to "four power pact" development implicit in the present situation yet we could not but feel that they were enormously relieved at the failure of the Neurath visit (please see last paragraph of our 140, June 22, 6 p. m.¹⁸).

This morning's and afternoon newspapers concentrate their abusive attention on England with particular reference to Eden.

Copies to London, Rome, Paris, Geneva.

DODD

852.00/5841

The Mexican Ambassador (Castillo Nájera) to the Secretary of State

[Translation]

The Ambassador of Mexico presents his compliments to His Excellency the Secretary of State, Mr. Cordell Hull, and takes pleasure in sending to him the text of the communication which he had the honor to transmit this morning to His Excellency the President of the United States Franklin Delano Roosevelt.

WASHINGTON, June 24, 1937.

¹⁸ Not printed.

[Enclosure—Translation]

MEMORANDUM

Being deeply impressed by the acts of unheard of violence recently committed by the Spanish rebels against open cities and their civilian population—comprised for the most part of defenseless women and children—General Lázaro Cárdenas believes it his duty to make a new appeal to the spirit of justice and humanity which characterizes the present Government of the United States with the proposal that—by common agreement—an endeavor be made to find a means of solving the problem not only because of the consideration of the responsibility which history will place on those who remain indifferent before such a situation but also in view of the very grave precedent which such toleration might lay down for future conflicts. The deserved prestige of the administration of President Roosevelt and particularly the personal prestige of the first magistrate of the United States will give to any step sponsored by him an importance the more decisive because of the fact that the country over whose government he presides cannot be suspected in the present case of acting because of the motives which render interested and therefore open to objection the action of other great powers. General Cárdenas understands the difficulties which this problem poses from an international standpoint but believes that a generous mediation directed by the North American Government would be able to overcome them for the well-being of humanity.

852.00/5799 : Telegram

The Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, June 24, 1937—noon.

296. Your 838, June 22, midnight. The Under Secretary yesterday spoke on the telephone with the German Ambassador who was out of the city and, referring to the conversation had with the Ambassador by the Secretary of State at the time of the Almeria incident, inquired of the Ambassador whether he had received any information from his Government regarding the most recent developments in connection with the Spanish situation. The Ambassador replied that he had had no communication from his Government during the preceding 48 hours other than the text of the communiqué issued at Berlin and published by the press. The Ambassador further said that he would be most happy to keep this Government closely advised of all information which he received as to developments in the situation and as to the attitude of his Government, and expressed the personal belief that an amicable adjustment would be forthcoming.

The above is for your confidential information and not for commu-

nication to the Foreign Office. Reports to the New York *Herald Tribune* from its Paris Bureau and published this morning allege that the Department has instructed you to inform the Foreign Office that this Government would lend its "moral support" to the Franco-British *démarche* but that your Embassy has refused to confirm such reports. The Department has denied to the press that any instructions have been sent you in that sense. Because of the publication of these rumors, it would seem preferable for you not to communicate to the Foreign Office the inquiry made of the German Ambassador here for fear that such communication might be distorted. The statements you made to M. Blum as reported in the next to the last paragraph of the Embassy's telegram under reference are, of course, entirely in accord with the policy of this Government.

HULL

852.00/5896

Memorandum by the Under Secretary of State (Welles)

WASHINGTON, June 24, 1937.

The Ambassador of Germany called upon me this morning for the purpose of complying with the friendly suggestion I made to him yesterday, namely, that he keep the Department of State advised so far as might be possible of any information which he might receive from his own Government with regard to all developments connected with the Spanish situation.

The Ambassador emphasized the fact to me, of which he had now had confirmation from his Government, that the German Government had not withdrawn its representation from the Non-Intervention Committee at London, but had merely refused to permit its naval vessels to continue taking part in the naval patrol of Spanish waters. He stated to me that, in view of these circumstances, he could not credit the press report which alleged that Germany had not only withdrawn from the patrol but also from the Non-Intervention Committee.

The Ambassador again went over the torpedoing of the German cruiser *Leipzig* and said that his Government had to its own satisfaction definitely established the fact that the attack on the *Leipzig* had been undertaken by a submarine of the Valencia Government. The Ambassador further said that the despatch from Germany of the *Graf Spee* to Spanish waters did not imply that the German naval force in the Mediterranean is being increased, since the *Deutschland*, after it was bombed, had returned to Germany and another German cruiser had likewise gone back to Germany carrying many of the wounded from the crew of the *Deutschland*. The Ambassador remarked that he also was advised that his Government was still main-

taining representatives on the International Control Committees in French and Italian ports with the nominal duty of preventing the sending of arms, munitions and troops to Spain.

The Ambassador continued by saying that he was further informed that his Government considered the *Leipzig* incident closed, which meant that no act of retaliation would be taken by the German Government against the Spanish Government but that, if new attacks were made by the Valencia Government upon German cruisers or German merchant vessels, the German naval vessels would be under orders at once to undertake a counter attack against such acts of aggression.

The Ambassador then discussed at some length the policy of his Government and stated that it was the "firm intention and unflinching desire" of the German Government to reach an amicable adjustment of all the problems which were now at issue.

I inquired regarding the cancellation of the visit of Baron von Neurath to London, and the Ambassador told me that he was advised that the visit had not been cancelled but merely postponed because of the temporary inability of the German Foreign Minister to leave Berlin at this critical moment. He said that the cornerstone of the foreign policy of Hitler was a friendly understanding with Great Britain. He said I only had to refresh my memory by reading Hitler's book "Mein Kampf" to see how, even in 1923, when he was merely a private citizen, Hitler had maintained that Germany's foreign policy must be based upon an understanding with England. The Ambassador said further that he would assure me most positively that Germany had no secret treaty, no alliance and no military understanding of any character with Italy but that, on the contrary, Germany hoped as a friendly mediator to prevent a continuation of the difficulties between Great Britain and Italy which had been continuing during the past two or three years.

I expressed to the Ambassador my appreciation of his courtesy in talking with me in this friendly way of the information he had received from his Government and concerning his Government's policy, and said I would welcome at all times any further information which he might feel free to give me. I concluded by saying that, in view of the Secretary of State's conversation with him, he was thoroughly familiar with the attitude of this Government, which had followed and would follow its own independent course but which, nevertheless, continued to follow with the deepest interest all developments which had any bearing on the maintenance of world peace and upon the bases for the creation of a more satisfactory foundation for the construction of a lasting world peace.

S[UMNER] W[ELLES]

852.00/5824 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, June 24, 1937—10 p. m.

[Received June 24—7:25 p. m.]

144. The serious situation here led me to say to Von Neurath when I saw him informally Tuesday afternoon, "I am very sorry you are not to go to London to help them settle that sad Spanish conflict". He replied twice that he was equally sorry and made the impression that Hitler had forbidden him to go.

This morning press people here reported that the English and French Ambassadors and I were reported in the Paris and London press as having protested officially here against the German attitude. I made no protest; what I said personally to Neurath was just what I have indicated above.

However, I did see the British Ambassador at noon today just to get his reactions. He said curiously, "This is the renewal of the Bismarck program of annexing all German speaking people. My Government is foolish or does not understand the situation in Europe. I think England and the United States must join Germany and leave her free to take Austria and as much of Czechoslovakia as she wishes". He said France must be left to herself and Spain be left to Franco. This would be a stabilized Europe he believed. He then added that he agreed that England, her commonwealths, and the United States must cooperate in commercial matters. A good deal else was said but this was the central and basic point of view.

DODD

852.00/5844 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, June 25, 1937—2 p. m.

[Received June 26—9:10 a. m.]

695. 1. Control. The Spanish reply to the London note on control was delivered last night. It is substantially as reported in my 683, June 20, 9 a. m.

Reports indicate the receipt here of much war material, and also an increase in number of Americans in international brigade.

2. Germany and Italy. Prieto and Giral profess to be without authoritative information regarding German and Italian intentions and movements of their fleets. Apprehension has subsided and the only developments now foreseen are efforts at blockade or attacks on Spanish shipping. Desire to avoid complications expressed but maintained that aggression would be met with aggression.

3. Bilbao. Communiqué reports further rebel successes due to "defections".

4. Internal. No developments. An anti-espionage campaign by the police, also involving the P.O.U.M., as reported by Barcelona, has been in progress for several days and has resulted in many arrests.

THURSTON

852.00/5827 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, June 25, 1937—2 p. m.
[Received June 25—12:16 p. m.]

407. I saw the Foreign Secretary late yesterday afternoon . . .

Eden took occasion to tell me that, while the Spanish situation was still very grave, the fact the Germans had not undertaken reprisals immediately was hopeful to that effect. In addition he said the Admiralty had told him there were no German ships in the Mediterranean itself, although they were off the coast of Spain. He thought it likely he would soon see that German warships had entered the Mediterranean, and newspaper reports this morning stated that several have passed through the Straits of Gibraltar.

He expressed his regret that Neurath's visit to London had been postponed, but said, on the other hand, he felt Neurath was a restraining influence on Hitler and that it was probably better he had not left Hitler at this time. He said he did not know of course what form German reprisals might take, but he thought it likely Spanish ships would be seized carrying Russian munitions from Odessa to Spanish Government ports, as these were going out of Odessa in very large quantities. There was some comfort in the thought that the Germans and Italians had not withdrawn from the Non-Intervention Committee, but that his Government did not think the situation was as bad as the French seemed to think it was; that, Delbos had called him up, however, in the middle of the night evidently greatly disturbed, and that he had sought to reassure Delbos at least to the extent that the situation, grave as it was, was not so disturbing as Delbos thought it was.

He said both he and the Prime Minister were making every possible preparation for the debate in the House of Commons this afternoon, and that the Prime Minister had agreed to speak on the subject, in addition to himself.

BINGHAM

852.00/5830: Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, June 25, 1937—4 p. m.
[Received June 25—12:25 p. m.]

145. Embassy's 140, June 22, 6 p. m.,¹⁹ and 142, June 23, 7 p. m. Several days' perspective on the recent international developments permits of the following observations.

At first we were inclined toward Hitler's irritation as the principal motive for his precipitate postponement of Neurath's visit and the "pressure politics" at the four-power London consultations. Now we are inclined to underline probable premeditated exploitation of the favorable position created by events in Soviet Russia, by Franco's successes and by the unexpected British gesture in inviting Neurath to London. If Hitler could rush the four-power committee arrangement into action this would immediately favor Franco and enhance Germany's prestige while in the long view it would support German domination in any new method for the settlement of European problems by four-power consultations. If on the other hand as happened to be the case Hitler could not stampede the British he would at least have kept the initiative, scored an "impudent" success over the British in the manner of Italian tactics leading up to the Abyssinian crisis and have gained a certain freedom of action with regard to Spain for which he could blame the British as the local press did so aggressively on the days immediately following. Knowing the changeableness of international affairs Hitler could probably count on British resentment being short-lived and expect that Neurath's visit would eventually take place at perhaps a more propitious time. In this latter connection I learn from a most reliable source that the British Ambassador here while very favorable to a friendly policy toward Germany and a visit by Neurath to London did not believe that the time the invitation was issued was the opportune moment for such general discussion.

We likewise continue to believe that Mussolini through Goering, Goebbels, Himmler, et cetera, played an important role in the whole development.

By mail to London, Rome, Paris, Geneva, Warsaw.

DODD

¹⁹ Not printed.

852.00/5839 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, June 25, 1937—7 p. m.
[Received June 25—5:19 p. m.]

300. My 299, June 25, noon.²⁰ In discussing the Spanish situation with Count Ciano this afternoon he said that the Italian and German Governments were dealing with the immediate situation in a very moderate way and would continue to do so. There was one question, however, of importance which had not been discussed between Berlin and Rome and which had been raised by Chamberlain in his speech this afternoon: namely, how to handle the gaps in the control situation created by the absence of the Italian and German naval vessels. Ciano said that the most important point to be settled in this regard was to make sure that there would be no blockade of the Franco forces by the British and French ships. However, inasmuch as the Italians and Germans still remained members of the London Non-Intervention Committee this was a problem for them to work out. In reply to my inquiry as to how the land control was operating, Ciano said that neither the land or the sea control had been in any way effective. He intimated that in these circumstances international control was not and could not be in the future a very important one.

PHILLIPS

852.00/5885b : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Bingham)

WASHINGTON, June 30, 1937—noon.

265. As you are aware the Joint Resolution of Congress approved May 1, 1937, provides that "whenever the President shall find that there exists a state of war between, or among, two or more foreign states, the President shall proclaim such fact, and it shall thereafter be unlawful to export, or attempt to export, or cause to be exported, arms, ammunition, or implements of war from any place in the United States to any belligerent state named in such proclamation, or to any neutral state for transshipment to, or for the use of, any such belligerent state."

There has been considerable pressure brought to bear upon the President by members of Congress, private individuals and organizations and societies for the placing of an embargo upon the shipment of arms to Germany and Italy on the grounds that a state of war exists between those countries and Spain. The accumulation of direct

²⁰ Not printed.

Governmental intervention by those two nations in the Spanish conflict has been used as a basis for this pressure and the intensity of the insistence for an embargo has increased during the last few weeks by reason of the recent direct overt acts by Germany and Italy. The President has not yet felt that he would be warranted in proclaiming an embargo against those two countries on the basis of the facts so far available to him, but in view of the requirements of our law it may become necessary at any moment to give serious consideration to the relationship of Germany and Italy to the Spanish conflict.

I would be very grateful if you would, upon your own initiative, without indicating that you have had any instructions on the subject from me, endeavor to ascertain the opinion of the British Government as to whether a state of war might be considered to be now in effect between the German and Italian Governments and the Spanish Government. I would also like to know whether there is any substance to the press reports published here that the British Government is considering granting belligerent rights to the Spanish insurgents. I would furthermore welcome your comments and opinion based upon any information you may discreetly obtain from the British Government on the effect which would be produced upon the British and European Governments in the event we found ourselves forced to declare an arms embargo against Germany and Italy as a result of further incidents which would force us to take such action in compliance with our law.

HULL

852.00/5885a : Telegram

The Secretary of State to the Ambassador in Italy (Phillips)

WASHINGTON, June 30, 1937—noon.

116. [Here follows the substance of the first two paragraphs of telegram No. 265 of the same date, to the Ambassador in the United Kingdom, printed *supra*.] The succession of direct overt acts of the last few weeks has so greatly increased the intensity of the pressure on him ²¹ to take such action, however, that I am strongly inclined to feel that at an early opportunity I should call in the German Ambassador and the Italian Chargé d'Affaires and in a spirit of friendly counsel inform them frankly that they should not assume that the understandable reluctance of the President to take action up to now by any means precludes the possibility that in the event of further overt acts the President may be compelled by the force of public opinion to extend to Germany and Italy the embargo on the export of arms at present applicable only to Spain. If after consideration I act

²¹ i. e., the President.

on this feeling I shall inform you fully of my conversations with the German and Italian representatives in order that you may, if you feel it desirable and wise, bring my remarks to the attention of the Italian Government also in such oral and informal manner as you may deem appropriate and opportune. In the meantime I shall very greatly appreciate receiving your views and comments with regard to this proposed step.

HULL

852.00/5890 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, July 1, 1937—6 p. m.
[Received July 1—5 : 32 p. m.]

308. Your 116, June 30, noon. My views briefly are as follows: Italy maintains that she has been forced to concern herself with the Spanish situation because of the original action of Soviet Russia in seeking to communize Spain with the consequent menace to established systems in neighboring countries particularly on the Mediterranean and accordingly has recognized the Franco government as the established government in Spain. Furthermore Italy has taken the stand that owing to the activities of England, France and Russia in the first line and of other countries to a lesser extent in assisting the Valencia forces, she has been justified in lending assistance to the Franco faction. Therefore any action on the part of a neutral state such as the United States, taken with regard to one group of powers such as Italy and Germany would in my opinion be considered by those countries as a manifestation of partisanship and probably as a non-neutral act.

With these considerations in mind I submit that if you feel the necessity of giving counsel to the representatives of Italy and Germany it might be wise to give similar counsel to the representatives of Russia, England and France as well as of any other countries whose activities, direct or implied, have linked them with the Spanish conflict. Certainly Italy would keenly resent any step directed solely against her at London unless similar action was taken against all other countries believed to have lent notable assistance to Valencia.

Furthermore, should the Department declare that a state of war does exist between Italy and Spain it might force other countries to do the very things which it must be assumed that they have been united in their efforts to avoid, namely, to spread the conflict beyond the Spanish frontier. The Non-Intervention Committee has been set up to deal with the problem and while it functions I do not think it would be wise for us to inject ourselves into the picture and thus create a wholly new situation.

It is very possible that the time may come when a general appeal in the interest of peace might be of help but I do not advise any step of a special nature such as addressing representations or taking action with regard to one particular group of governments and thereby injecting new issues and considerations into a situation already surcharged. I feel however that any occasion might well be taken to impress upon the representatives of any governments, whose activities may be regarded as linked with the Spanish conflict, your views as to the grave menace to peace inherent in the prolongation of that conflict and the intention of the United States to give positive effect to its neutrality in the face of any eventualities.

PHILLIPS

851.00/1698 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

[Extract]

PARIS, July 2, 1937—8 p. m.

[Received July 2—7 : 53 p. m.]

908-912. I had a conversation with Chautemps²² this afternoon . . .

We went on to discuss the international situation and Chautemps expressed opinions very similar to those which Delbos expressed to me last night which I reported in my No. 900 to 902, July 2, 10 a. m.²³ He added, however, that his latest information from London was that Neville Chamberlain²⁴ would not consider attempting to establish a patrol of the coasts of Spain by French and British ships with neutral observers against the will of Italy and Germany.

The meeting of the full Non-Intervention Committee in London on Monday would be called for the purpose of showing the world that 24 nations were in favor of continuing the control and only 3 nations opposed it. However, after that meeting he believed that the British would inform the French that they considered it impossible to maintain any control and each nation must return to complete liberty of action.

Chautemps added that France positively would not recognize Franco as a belligerent and he felt certain that Great Britain would not either. He said that as soon as the nations had resumed their freedom of action he expected Italy and Germany to send vast quantities of supplies and probably Italian reinforcements to Franco. The French Government would not send supplies or reinforcements to the Valencia Government but would permit the passage through France of supplies or reinforcements which any nation might wish

²² Chautemps had become French Premier on June 22.

²³ Not printed.

²⁴ British Prime Minister since May 28.

to send. He believed that the Soviet Union would not attempt to assist the Valencia Government on a great scale. The Russians were too much occupied with their own internal difficulties and Soviet Russia had come to realize that their intervention in Spain might lead to serious consequences.

I asked Chautemps if he thought that this meant a speedy triumph of Franco. He said that he was not certain; that the Valencia Government appeared to be confident.

If France should permit it the establishment of a Fascist state in Spain hostile to France would place France in an extraordinarily dangerous position. The communications of France with her North African colonies could be cut at once. In case of war with Germany France might have to face war with Spain and Italy as well. The situation for England was extremely serious as Italy and Spain would be in a position to cut British communications through the Mediterranean. However, all his information from London indicated that Chamberlain was still inclined to adopt a policy of "wait and see" coupled with a policy of attempting to detach Germany from Italy. France could not act without the full support of Great Britain and he had small hope that such support would be forthcoming.

BULLITT

852.00/5906½

President Roosevelt to the Under Secretary of State (Welles)

[WASHINGTON,] July 3, 1937.

The enclosed ²⁵ should, I think, be answered verbally by you to the Mexican Ambassador in the same way in which I answered it verbally: The United States has made the following points perfectly clear to the European nations involved directly or indirectly in the Spanish Civil War:

(1) The United States has honestly maintained not only the letter but the spirit of neutrality.

(2) The United States stands ready to render any service to which both sides can agree looking toward an end of the armed conflict, but cannot take part in patrol or other activities connected with the continuation of the war itself.

(3) The United States has made and continues to make clear its abhorrence of all forms of war which violate either the rules of war or the rules of common humanity.

(4) The United States cannot at this time see its way clear to offer mediation because of the certainty that it would be rejected.

F[RANKLIN] D. R[OOSEVELT]

²⁵ See memorandum transmitted to the Secretary of State by the Mexican Ambassador June 24, p. 337.

852.00/5907 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, July 3, 1937—2 p. m.
[Received July 3—10:45 a. m.]

432. The Franco-British recent proposal to fill the gap in the naval control system by making the French and British fleets responsible for the supervision of the whole of the Spanish coast with an understanding that neutral observers might be stationed in the patrolling warships, was countered at yesterday's meeting of the Non-Intervention Subcommittee by German-Italian proposals for resolving the present deadlock. This has been referred to the interested governments. In brief the German-Italian counterproposals were

(a) that all interested powers should grant the two parties in Spain belligerent rights

(b) that the international naval control system should be abandoned

(c) that the rest of the present supervision system on land and sea should be maintained.

In conversation this morning the Foreign Office points out that unsatisfactory as the German-Italian proposals are they are accompanied by an emphatic assurance that the two powers "are firmly resolved to maintain the principle of non-intervention" and by an acknowledgement that "it is the duty of all to seek new ways and methods to make non-intervention as effective as possible".

Foreign Office further added that the outstanding British interest in Spain is to keep the situation localized and they will press forward in an attempt to reach a compromise between the two positions before the full meeting of the Non-Intervention Committee which will take place next week. Meanwhile it is noted here with some satisfaction that the Germans are reported to have taken all ships out of the Mediterranean to prevent an incident and that Italian naval vessels are reported as not in evidence in Spanish waters.

BINGHAM

852.00/5910 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, July 4, 1937—11 a. m.
[Received July 4—9:40 a. m.]

315. Count Ciano sent for me this morning and gave me orally a résumé in the following sense of the Spanish situation and the relations of Italy thereto and requested me to communicate it to you.

The Italians have no political or territorial ambitions in Spain. Their sole aim is to prevent the establishment of a Communist form of government. They are interested only in the maintenance of the *status quo* in the Mediterranean and are firmly of the belief that the establishment of a Communistic state in the Mediterranean would in fact alter the *status quo* and create an alarming situation throughout Europe. With the *status quo* as their objective the Italian Government had signed the Gentlemen's Agreement with the British Government in January last which was accompanied by an exchange of notes giving assurances as to the territorial integrity of Spain and in this connection Ciano mentioned specifically the Balearic Islands. He impressed upon me that this policy of the Mediterranean *status quo* is the only objective of Italy. Italy's "empire" responsibilities are quite sufficient and Italians have no desire to add to them. French press and other circles, however, are now seeking to create the impression throughout the world that Italy's ulterior purposes in Spain are in fact political and territorial. The French Government is in a precarious position domestically and as a means of strengthening itself is employing the dangerous means of alarming the French public with regard to the external situation. Such a policy is very dangerous Count Ciano impressed upon me. He reminded me that the recent British-French proposal has been found unacceptable by Italy and Germany and that the Italian-German counterproposal for the recognition of belligerency of both Spanish factions is being found unacceptable in British and French quarters. However, this latter proposal had only been considered as yet by the subcommittee of the Non-Intervention Committee and would not come before the full committee until Wednesday or Thursday of this week. It should not be considered in the light of a formal and final proposal but merely as a suggestion put forward by the Italians and Germans in a friendly manner for discussion. Several European countries are in favor of this plan, notably Austria-Hungary, Poland and Albania. Italy had no present idea of retiring from the Non-Intervention Committee and would continue to do its utmost to cooperate with the other members in finding a solution to the present difficulties.

In my opinion Ciano's purpose in his communication to me this morning was to deny vigorously and officially what he regards as French efforts to complicate the situation by insinuations that Italy's underlying purpose in the Spanish conflict is to secure political and territorial advantages in Spain.

Repeated to London, Paris, Berlin.

PHILLIPS

852.00/5953

Memorandum by the Secretary of State

[Extract]

[WASHINGTON,] July 6, 1937.

The Ambassador of Italy ²⁶ called at his own request. . . .

.

The Ambassador made very little further comment, except to agree in principle on all that I was saying about the economic situation and the desire for peace.

He then said that his Government requested him to say to this Government that Italy has no purpose whatever to occupy Spanish territory in any event and is only concerned in that respect to see that a Communist government does not prevail in Spain. He then added that his Government strongly favored recognition of belligerent rights of General Franco's organization, not recognition of the Franco organization as a government as Italy and Germany had recognized it. His theory seemed to be that recognition of belligerency by all the nations would clarify and serve to solve the present important differences relative to the Spanish situation. He emphasized the point as stated that Italy continues to adhere to the non-intervention pact along with the other 26 governments signatory to it. I thanked him for the information and expressed the hope that the interested nations in Europe would find ways to compose every difference; that, as indicated, this country has a rather definite and inflexible neutrality act, and that, of course, with our variety of population some people at all times are urging us to take steps; that naturally we have been assuming that none of the many governments interested will be disposed to indulge in such official utterances or acts as would raise the question of placing it in operation. The Ambassador said, "I observe that you are not operating the embargo provisions", to which I replied that this is upon the assumption, as just stated, that no other government will engage in such official acts as would aggravate or complicate the situation any further in so far as it would relate to our neutrality law.

The Ambassador made no further comment on this particular phase. He then proceeded to say that his Government would be flexible in its attitude in conference with other governments, and that it was the purpose of his Government, while going as far in dealing with a given phase as was deemed necessary or advisable, to stop short of action which might be calculated to provoke violence or hostility with another country or countries.

C[ORDELL] H[ULL]

²⁶ Fulvio Suvich.

852.00/5924 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, July 6, 1937—1 p. m.

[Received 1:15 p. m.]

153. The negotiations in London regarding Spain appear to be proceeding along the general lines indicated in our recent reports as likely. It is becoming more evident in our opinion that the immediate purpose of German-Italian diplomatic maneuvers are to bring about a speedy victory for Franco or at least a favorable basis for compromise in Spain which would exclude any "Red" preponderance in authority there. Ultimately we believe Germany still considers of first importance her relations with England with particular reference to her primary ambition of the domination and exploitation of Central and Southeastern Europe. (Please see despatch No. 3544 of June 28, 1937.²⁷) Equally we believe Italy is ultimately concerned with her relations with England in the Mediterranean. For both Germany and Italy the present negotiations in London regarding Spain could have a "nuisance" value and advantage in the working out of these ultimate aims while at the same time benefiting the near term purposes. In all this we feel that regard should be paid to the definite apprehension of and antipathy of Hitler and Mussolini toward the establishment of a "Red" Government in Spain which unquestionably is a motivating factor in their Spanish policy.

We are informed from a reliable but unofficial source that the British Government opinion is stiffening against the German and Italian attitude in the non-intervention question and that the recent rather blunt statements in London have had somewhat sobering effect. We hope this is the case since we believe that it is time for the British to adopt a firmer attitude and be their more normal Elizabethan selves if, at the same time, they face the facts of the Spanish situation, the German geographical position and aims in Central and Southeastern Europe, et cetera, and taking the lead in the Anglo-French entente, refuse to be dissuaded by certain French and Little Entente influences from a comprehensive constructive policy toward Germany which should be strong but not dilatory or niggardly.

We are of this opinion all the more because we consider that Germany's attitude in London is largely one of bluff. We do not believe Germany is in a position to wage a major war and that she knows it. For example, as the Military Attaché states, Germany has an inconsiderable trained reserve; an inadequate matériel reserve; a highly inadequate reserve of raw materials, gold and foodstuffs and is facing at best a less than average crop. Her air force both as to matériel

²⁷ Not printed.

and personnel is nowhere near satisfactorily organized and completed and will not be for another 2 years. Likewise the German Navy is in process of organization and her Army generally requires at least the same period to bring it up to a satisfactory level to fight a major war on two fronts which she must envisage as possible, if not probable, should she cooperate with Italy in endangering any vital Franco-British interests.

In considering the moves and dangers of the moment and the desirability of a firmer British attitude in this relation, the European military forces with particular respect to British rearmament is to be kept in mind. We feel that this must exercise a considerable influence on the two dictators either pressing them toward more precipitate and immediate action in the promotion of their legitimate participation in "marauding" ambitions or counselling a more temperate frame of mind.

In brief we consider that apart from other considerations the German military situation is such that there is little likelihood of Hitler deliberately involving himself in an armed conflict with France and England, et cetera, but that the German Army is sufficiently formidable at this date to permit Hitler to embark on a Czechoslovak adventure if he could be reasonably sure that this would not entail the entry of France and England into the arena.

Repeated by mail to London, Paris, Rome, Geneva.

DODD

852.00/5931 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, July 6, 1937—5 p. m.

[Received 6 p. m.]

438. I am basing my reply to the Department's 265, June 30, noon, on conversations I have had with both officials and colleagues in London and after my conversation with Mr. Eden this morning. Eden stated that both his Government and the French Government were determined for the present to maintain a stiff attitude; extraordinary meeting had been called for the full membership of the Non-Intervention Committee on Friday at which meeting the British would make no proposals nor in his opinion would the French and that the meeting might adjourn without result. He said that his Government would take no steps towards granting belligerent rights for the present nor would it take such steps at any time unless the Germans and Italians should agree to the withdrawal of the so-called volunteers in Spain. This would be an antecedent and necessary condition for even any

consideration on the part of his Government to the granting of belligerent rights; nor was his Government committed to discuss belligerent rights even on these terms although it was a matter he had in mind and which he intended to discuss with the Prime Minister this morning. Meanwhile, he was setting forth this as his personal view to me in the utmost confidence.

In addition also in confidence he told me that he had direct information from the Portuguese that they were determined to remain within the British orbit and had informed Franco they would not stand for any form of German or Italian or combined German-Italian control in Spain; that Franco had assured the Portuguese that he was as determined as they were on this point; that the German material and technical aid supplied had been of excellent quality but both the Italian material and Italian troops were inferior and that there was friction between Franco and the Italians; that in the end Franco would have to compensate the Germans and Italians but was determined to pay them only commercially and his whole purpose was an Iberian policy as he termed it with Spaniards in control in Spain and all German and Italian influence eliminated.

Eden reiterated the determination of his Government to maintain a stiff attitude; to take no steps between now and Friday and to make no proposals at the Friday meeting.

He went on to say that technically it cannot be considered that a state of war exists between the Spanish Government on the one hand and Germany and Italy on the other or for that matter with the Franco Government on the one hand and any other nation on the other as long as the Non-Intervention Committee continues to function under the authorization of the member governments even though the eventuality may come about that belligerent rights should be granted.

In an earlier Foreign Office conversation reference was made to Eden's speech last Saturday²⁸ in which he stressed that England's great interest in Spain was to keep the situation localized and that although various European partisans had been willing to burn their fingers on one side or another nevertheless no Government had been willing to intervene to the point of creating an insoluble crisis. Indeed there are partisans in England as well as other countries who are willing to make the Spanish situation an instrument of policy for the favoring of one political wing of thought as against another but the policy adopted by the British Cabinet had set its face against any "such measures" in this country and has endeavored and would continue to endeavor so to handle the situation that the conflict may re-

²⁸ Reference is evidently to Eden's speech at Coughton Court in Warwickshire, July 4, 1947.

main localized and the issue eventually be left in the hands of the Spaniards themselves.

I saw the French Ambassador this morning just after his conference with Eden who told me that French public opinion was greatly aroused against the recent German proposals and that his Government not only resented them but was unwilling even to discuss the subject of granting belligerent rights. In fact the statements made to me by the French Ambassador were much more extreme than the tenor of Eden's remarks to me and lent color to the viewpoint of some of my colleagues that since the tension of last Friday the British have moved further towards analyzing a possible compromise position which would maintain the framework of the Non-Intervention Committee than have the French Government; especially in view of the reported French threat to open the French frontier to the shipment of arms to the Valencia Government if the naval controls are not maintained.

The result of my conversations leads me to make the following points in connection with your 265, of June 30, noon :

In the first place "the continuous and direct government intervention" which you refer to is not confined to Italy and Germany but is equally true of Russia and was at one time and may be again equally true of France. Therefore any interpretation of our neutrality legislation which leads us to impose an embargo on Germany and Italy today might also have to be extended to other nations.

In the second place any departure from the spirit of the legislation which is one of strict neutrality would be regarded by Europe as a gratuitous interference in continental affairs particularly as all important European governments are members of the Non-Intervention Committee which does not consider that a state of war exists between the German and Italian Governments on the one hand and the Spanish Government on the other or between the Franco government and Russia.

Thirdly, in answer to the specific question as to the British Government's opinion "on the effect which any such action would produce upon the British and European Governments" it seems that it would complicate the British Government's main object which is to foster a withdrawal of foreign interference in Spain so as to eliminate the danger of an extension of the conflict beyond the confines of Spain; and Eden, when I indicated in vague terms the fact that certain groups were urging such a course of action upon the United States Government, said that such a thing was "to say the least, premature" and intimated it would complicate his task.

BINGHAM

852.00/5933 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, July 7, 1937—11 a. m.

[Received 3 : 35 p. m.]

931-932. Yesterday afternoon Léger gave me a detailed account of the point of view of the French Government with regard to the Spanish crisis.

He was extremely pessimistic. He said that the report that Franco was ready to agree to the withdrawal of volunteers was based on nothing more concrete than third hand information from Herbette, the French Ambassador to Spain, who is living at Hendaye. The French Government would be ready to recognize Franco as a belligerent only on condition that before such recognition all volunteers should have been withdrawn from Spain and an effective system of control imposed which would prevent their return. Italy, Germany, and Franco would refuse these conditions.

No compromise proposal that seemed to have the slightest chance of success had been devised by either the French or British Governments. It was still the desire of the French to have the maintenance of control of Spanish waters entrusted to French and British ships with neutral observers. The French Government hoped that aside from Germany and Italy only two other countries represented on the Non-Intervention Committee would vote against this proposal. The French Government was still attempting to persuade the British Government to face the issue and wants to leave overwhelming majority of the Non-Intervention Committee to impose control by French and British ships with neutral observers whether the Italians and Germans liked it or not.

Léger added that his latest information led him to believe that the British would not agree to this proposal. The Admiralty authorities were definitely opposed to it. They did not wish to put such a burden on the British fleet and they did not wish to face the possible consequences among which might be war.

Léger said that he was confident that if France and England should take this strong position now Germany and Italy would back down. Hitler was not really interested in pushing the Spanish affair to extremes. Mussolini desired to. Léger said that he believed Mussolini was trying to provoke war. He was following the old policy of Cavour of getting a strong nation to pull the chestnuts out of the fire for his weak state. The information of the Quai d'Orsay was that Mussolini had definitely given Hitler a free hand with regard to Austria and Czechoslovakia in return for promises of German sup-

port for Italy's ambitions in the Mediterranean. Hitler today could take Austria at any moment he might wish without war. Mussolini was attempting before Hitler should take Austria to get his end of the bargain.

Léger then predicted that when the British technically refused to go ahead with the imposition of control by British and French ships there would be a number of compromise proposals none of which would be successful.

The Italian and German Governments had proposed that the French should maintain control on the Pyrenean frontier. The French Government would say it was quite ready to agree to this provided Germany and Italy should accept control of their frontiers and permit the placing of control officers in German and Italian ports and on German and Italian aviation fields. He added that he had not the slightest expectation that this proposal would be accepted.

Léger said that he expected the British then to propose that control should be established along frontiers of Spain; that control officers should be established in all Spanish ports and the control of French and Portuguese frontiers should be established on the Spanish side of those frontiers. He felt certain that this proposal would be rejected by both the Franco government and the Valencia Government. He expressed the opinion that in reality both the Franco and the Valencia Government would prefer to return to the system of no control whatsoever.

He said that he believed the negotiations with regard to this latter proposal might give a further breathing space of 10 days to 2 weeks and during that time it might be possible to invent some new compromise of which no one had thought; but he expected that within 2 weeks all control would be removed and a race would then begin between the Italians and Germans on one side and the friends of the Valencia Government on the other to see which one could supply the contending forces with the greatest amount of assistance. This would lead to a situation approaching war.

I discussed Léger's views with Sir Eric Phipps, the British Ambassador. Phipps was not nearly so pessimistic. He said that he believed Franco was now displeased with the presence of so many Italians in Spain and was prepared to agree to withdrawal of "volunteers". He added that the French Government had never proposed formally and officially to the British Government that control should be imposed by the British and French against the will of Germany and Italy and it had been made clear in informal conversations that Great Britain would not agree to action which might provoke war.

852.00/5948 : Telegram

*The Ambassador in the United Kingdom (Bingham) to the
Secretary of State*

LONDON, July 9, 1937—7 p. m.
[Received July 9—2:40 p. m.]

457. When I saw the Foreign Secretary this morning he said that the Spanish situation had taken a bad turn again and that he did not know what might come of it because it appeared that Germany and Italy had put pressure upon Franco to change his position, at least temporarily, towards the removal of the so-called foreign volunteers from Spain. While he believed that Franco undoubtedly was in favor of their removal, he has been compelled to yield to pressure from Germany and Italy which he was in no position to resist.

BINGHAM

852.00/5968 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, July 10, 1937—2 p. m.
[Received July 10—11:50 a. m.]

951. The French Government is a bit surprised at [the deadlock?] in the London Committee yesterday resulting in a mandate being conferred on the British Government alone to explore the possibilities for a way out of the present impasse. They say that contrary to the impression given in the press no agreement had been reached beforehand that any power was to act alone it being supposed that a "neutral" group such as the four principal powers would be named to carry on consultation together. However they say that they have of course the utmost confidence in the way the British Government will handle the situation and are keeping in the closest touch with the British, Phipps having conferred at length last night with Delbos before leaving to report to Eden today. The [task?] conferred on the British is interpreted here as being one of consultation only it being expected that the British Government after consulting with the interested powers will report this important matter rather than itself propose any solution.

The Foreign Office states that the international control on the French frontier will be terminated possibly tomorrow and in any case Monday unless in the meanwhile some new development takes place warranting its continuation. It is looked upon as a question of short-sighted prestige since France cannot any longer be the only country to permit the intervention of foreign control officers on her territory. It was emphasized that the withdrawal of facilities from the international control does not in any sense mean that the frontier [would be?]

opened: the obligations of the Non-Intervention Agreement will remain intact but would be enforced by officers of the French Government and not by the international control.

The Foreign Office states that they are unable to see any solution in sight at present and that they intend to stand firm on the [position?] which Corbin set out yesterday in London.

Copies to London, Rome, Berlin.

BULLITT

852.00/5992 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, July 13, 1937—7 p. m.

[Received July 13—4:36 p. m.]

972. Our 951, July 10, 2 p. m. The international control on the French frontier was suspended at noon today.

In conversation with an official at the Foreign Office we were told that Eden is not hopeful over the possibilities of finding a solution to the present impasse. He is trying to make progress on the question of the withdrawal of volunteers but the Foreign Office here believes that nothing can be accomplished in this field. The Italian Government will not wish to order the return of the 60,000 Italians now fighting for Franco.

The official with whom we spoke said that the situation seemed to be drifting along from bad to worse; that, with no control either at sea or on the frontiers, nonintervention becomes a farce and that everything appears to point toward increasing Italian intervention in Spain which will oblige the French Government to open its frontier and to allow the Valencia Government to purchase freely supplies in France.

BULLITT

852.00/5994 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, July 14, 1937—1 p. m.

[Received July 14—11:10 a. m.]

469. My 462, July 12, 6 p.m.²⁹ The British Government has now completed its proposals for an attempted compromise solution of the Spanish deadlock. They will be communicated to the members of the Non-Intervention Committee this afternoon to be referred by them to their respective governments and will come before a meeting of the Non-Intervention Committee on Friday.

²⁹ Not printed.

The text of these proposals which has been received through the courtesy of the Foreign Office and is to be held strictly confidential until its publication here, probably tomorrow morning, is quoted below. An official of the Foreign Office said that they were uncertain as to the reception the proposals would receive in the Committee but that the Foreign Office hoped all the governments represented would at least be prepared to express their views.

[For text of the British proposals, here omitted, see British Cmd. 5521, Spain No. 2 (1937): *International Committee for the Application of the Agreement Regarding Non-Intervention in Spain: Proposals Submitted by His Majesty's Government in the United Kingdom, London, July 14, 1937.*]

It will be particularly noted that the British Government proposes the recognition of the two parties in Spain as possessing a status which justifies them in exercising belligerent rights at sea in accordance with the rules governing such exercise and subject to the fulfillment of certain specified conditions.

BINGHAM

852.00/6003 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, July 15, 1937—5 p. m.

[Received July 15—4: 30 p. m.]

981. I lunched today with Delbos and Sir Eric Phipps, the British Ambassador. Delbos, somewhat to the embarrassment of Sir Eric, criticized severely the British proposal with regard to Spain. He said that he had no information that any such proposal was to be launched by the British Government. He had understood from his conversations with the British Ambassador and from Corbin's conversations in London that the British would develop some scheme which would be discussed with the French Government and probably then would be launched by the smaller neutral states represented in the Committee on Non-Intervention in Spain. The British Government by the action it had taken had withdrawn from cooperation with France in the Spanish affair and had placed itself midway between France on the one hand and Germany and Italy on the other hand. British Ambassador protested that it was not quite midway; but Delbos insisted that it was midway and that the dictatorships would be greatly encouraged by this act of obvious withdrawal of England from close partnership with France in the Spanish affair.

Delbos went on to say that he had not entered a diplomatic protest against the British course of procedure in this matter because such a protest would merely make a bad situation worse. As to the sub-

stance of the proposal he was not at all certain that France could accept recognition of Franco's belligerency. He would discuss this point with the Cabinet this afternoon at 5:30. Today he had received unofficial but authoritative advices from Portugal to the effect that the Portuguese Government had decided to refuse the re-imposition of control by representatives of the Non-Intervention Committee on the Portuguese-Spanish frontier.

The British Ambassador argued that any proposal stood more chance of acceptance coming from England in this manner rather than from any group of smaller states. The essential point was to get the "volunteers" withdrawn from Spain.

Delbos said that he did not believe it would be possible to get the "volunteers" withdrawn from Spain. If the French Government in order to preserve the semblance of a common front with England should feel compelled to agree to conditional recognition of Franco's belligerency, this act in itself would constitute a halfway recognition of Franco's right to the status of a belligerent. The whole negotiation then would fall through since Franco would refuse to allow the departure of the "volunteers" and the only result would be that the common front of England and France would have been weakened greatly and Franco's right to the belligerent status would have received qualified approval.

Throughout the conversation it was obvious that Delbos was extremely shocked to have discovered that in spite of his full and frank collaboration with the British he could not expect to receive the same treatment from the British Government.

BULLITT

852.00/6012 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, July 17, 1937—2 p. m.
[Received July 17—9:25 a. m.]

483. My 469, July 14, 1 p. m. A high official of the Foreign Office in conversation this morning expressed gratification at the unanimous agreement of the Non-Intervention Committee yesterday to accept the British plan for a compromise solution of the Spanish deadlock as a basis for discussion. He made the warning statement, however, that this favorable reception should be accepted at the moment without undue optimism. Detailed discussion of the proposals will begin at the meeting of the Chairman's subcommittee on Tuesday and modifications will undoubtedly be proposed.

According to the Foreign Office the French are disappointed at the rejection of the original British proposal for an Anglo-French naval

patrol and the substitution of observers in the ports. The Germans on the other hand it seems were greatly pleased at the inclusion in the British proposals of even a conditional undertaking to grant a measure of belligerent rights to Franco.

The proceedings of yesterday's meeting of the Non-Intervention Committee have been very fully reported in the press and the reaction has been favorable. The Foreign Office feels that at least a hopeful atmosphere has been created for the difficult discussions to begin on Tuesday.

BINGHAM

852.00/6019 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, July 19, 1937—10 p. m.

[Received July 19—8:42 p. m.]

1010. With regard to Spain, Delbos remarked to me this evening that he did not believe there was any chance of the British proposal being accepted. It would, however, serve to delay a crisis.

BULLITT

852.00/6132

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

[Extracts]

No. 1309

ST. JEAN DE LUZ, July 20, 1937.

[Received July 31.]

SIR: I have the honor to report that the press, both in governmental and insurgent Spain, observed the first anniversary of the beginning of the war with elaborate articles, mostly propaganda. One full year of war with nothing decisive accomplished yet on either side has nevertheless made some things clear that were confused in the beginning because of the intensive propaganda.

III

The civil war ceased to be a civil war many months ago when great numbers of the Italian and German armies were brought into Spain. There have been volunteers—individuals actually volunteering—from many countries and on both sides, and even under these conditions the war could be called a civil war. But when thousands of the army of Italy came under their own officers, with their own equipment, even in many instances in their own uniforms, and when thousands of

German officers, technicians, and aviators came with their own planes, it became a mockery to continue calling the war a real civil war.

The Spanish Government today is notoriously at war with Italy and Germany.

While General Franco in his address to the American people sent out by the United Press said that he had no foreigners in his army—and I called attention at the time to the absurdity of that statement—there no longer is the slightest pretence that there are not many thousands of the Italian army engaged and thousands of Germans. The Rome papers report enthusiastically on news pictures showing the Italian army marching, first of all, into Bilbao, and Salamanca this week announces that “20,000 Italian soldiers” have been sent to reinforce the defence on the Madrid front.

Thus this is clear after a year:—

This is a war against the Republic.

It is frankly a war to destroy democracy in Spain.

It is a war of Italy and Germany against the Spanish Government.

VI

The experiment of almost a full year with the Non-Intervention Pact leaves no doubt in my mind that nonintervention has prolonged the war. It was proposed in the beginning by Britain and France on the theory, probably correct, that a competition between the democratic and fascist states in furnishing arms and ammunition to the two sides would cause incidents leading to war. If the Non-Intervention Pact had been honestly observed and honestly enforced it would have served its purpose; though, of course, it operated against the Government in that it deprived it of its right under international law to buy arms and ammunitions.

It has been clearly shown that Italy and Germany signed the Pact with fingers crossed. The result is that it has operated entirely against the Government and in favor of the insurgents.

Thus: When the Pact was proposed England and France instantly shut down on the sale of arms and ammunition to the Government. It was many days before Italy and Germany agreed and during this time both were hurrying arms and ammunition to the insurgents. This was known to both Britain and France, who, however, preferred to pretend not to see.

Later, in the matter of control, Britain and France at once acted, but Italy and Germany “discussing” the matter continued their violations of their agreement, and a great number of Italian and German soldiers were hurried in. Again this was known to Britain and France who again pretended not to see.

In brief, the Non-Intervention agreement has been notoriously a mockery. It is today. Nothing surely will be more puzzling to the historian of these times than the appeals made by Britain and France to Italy and Germany to join in the enforcement of the Pact while no secret is made of the participation of a great Italian army in the war, while Franco himself announces that he has sent 20,000 Italian soldiers to the Madrid front, and Rome celebrates the triumph of an Italian army in Bilbao.

The fact remains that there is a feeling here in diplomatic circles that with the abandonment of non-intervention a European war is almost inevitable. It seems to me that the decision was reached months ago to sacrifice the democracy of Spain to the peace of Europe. My own impression is that with every surrender, beginning long ago with China, followed by Abyssinia and then Spain, the fascist powers, with vanity inflamed, will turn without delay to some other country—such as Czechoslovakia—and that with every surrender the prospects of a European war grow darker.

VII

Our own position during the entire year has been all that could be desired. We have strictly observed our policy of neutrality. We have refused to join most of our colleagues in faking passports, in converting our Embassy and Consulates into hiding places for participants in the struggle, and this, while obnoxious to the infuriates, has won us the confidence of responsible people of both sides. We almost alone at this moment can approach either side on official business with the certainty that they will do all within their power to serve us. Strangely enough, Britain, which almost alone has followed our policy, is bitterly hated by the insurgents. I can ascribe this only to the feeling of the insurgents that Britain should have recognized the Franco Government along with Italy and Germany.

We have gone through a year without an incident of the slightest consequence.

My impression is, from everything I have heard and from conversations with both sides, that both wish to retain the good-will of the United States with the view to the future, after a victory is won, and when business and money will be needed. Before the war Barcia, Azaña's Minister of Foreign Affairs, probably explained it all when he said to me that "we can deal in a business way with the United States without involving ourselves politically because the United States is remote from the intrigues of European politics".

Respectfully yours,

CLAUDE G. BOWERS

852.00/6070 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, July 24, 1937—6 p. m.

[Received 6:45 p. m.]

1043. We are told by the Italian Embassy that they see little possibility of arriving at a solution of the impasse in the London Non-Intervention Committee. They consider it practically impossible to work out by agreement individualistic or modified system of control. On the other hand they do not believe that there will be any break down in the negotiations which would result in the disappearance of the "façade" of non-intervention; they feel that the discussions will drag on indefinitely; that the only real solution will be one found on the field of battle and are confident of Franco's ultimate victory.

They say that it is absurd to fear the possibility of the Spanish conflict leading to a general war since if there is one thing certain about the Spanish situation it is that not one of the principal European powers desires to push the matter so far as to lead to war. What is taking place in and about the London Committee they saw the most gigantic game of poker the world has ever seen, everyone is bluffing and every one knows that every one else is bluffing; in the meanwhile behind the convenient façade of non-intervention the principal powers continue to send assistance to one side or the other in Spain.

Copy to Rome.

BULLITT

852.00/6074 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, July 26, 1937—6 p. m.

[Received July 26—2:11 p. m.]

349. Your instruction No. 143, July 14,³⁰ reporting your conversation with the Italian Ambassador on July 6.³¹

In the thought that Suvich would be unlikely and probably unable to convey to his Government in an Italian translation the full significance of your remarks and certainly unable to convey them in your language, I propose unless you see some objection to seek an interview with Count Ciano and to leave with him a copy of the pertinent parts of your memorandum of this conversation. I would appreciate your telegraphic reply as soon as possible.³²

PHILLIPS

³⁰ Not printed.³¹ See memorandum by the Secretary of State, July 6, p. 351.³² The Secretary of State, in telegram No. 133, July 27, 6 p. m., informed the Ambassador: "I should be glad to have Count Ciano read whatever part of the memorandum you think best and shall await with interest his comments thereon."

852.00/6081 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, July 27, 1937—1 p. m.

[Received July 27—9: 05 a. m.]

314. David Darrah, *Chicago Tribune*, informed me this morning that he saw General Teruzzi, head of Mussolini's Fascist militia in Spanish uniform in San Sebastian yesterday, and that colleagues have told him General Badoglio has arrived also in Spain and also wears such uniform.

BOWERS

852.00/6085 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, July 27, 1937—7 p. m.

[Received July 27—5: 15 p. m.]

1060. An official at the Foreign Office tells us that they were taken by surprise at the unexpected development in the subcommittee of the Non-Intervention Committee yesterday. He said that the minutes of the meeting made curious reading: that Grandi said in effect that the British questionnaire failed to make clear what he thought the British really had in mind and that therefore he had himself prepared a questionnaire which he felt would explain more clearly what the British intended. Plymouth had been ready to accept the Italian questionnaire but Corbin in order to put an end to the farce had proposed that they abandon the questionnaires entirely and revert to the text of the British plan of July 14, the interested governments to be requested to express their views in full on the text of the plan. This proposal and procedure had been adopted.

The official with whom we spoke said it looked as if the British were prepared to accept anything rather than have a show-down which might threaten to bring the possibilities of a general conflict nearer, that the British seemed to be reconciled to the possibility of a victory by Franco, evidently feeling that they could come to an agreement with him so as to protect their interests. He said that it was evident that the Italians, with German support, were playing for time, that they intended to drag out interminably the discussions relating to non-intervention feeling that Franco was gaining ground, and that with the assistance which they were continuing to send to Spain he would obtain a complete military victory.

BULLITT

852.00/6122 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, July 30, 1937—1 p. m.

[Received 5:07 p. m.]

1080. At the close of our conversation this afternoon Delbos said to me that he believed the Committee of Non-Intervention in Spain would reach definite disagreement in the course of the next week or two and that the powers would resume liberty of action. He regarded this possibility with the utmost apprehension feeling that it might well lead to European war.

He went on to say that for some time the Pope had desired to offer his mediation in the Spanish conflict. At the present time the relations of the French Government with the Pope were intimate. He had advised the Pope not to attempt to intervene at the moment. Indeed, his vigorous advice to the Pope had been the only thing which had prevented the Pope from intervening. It was now understood that at any time he, Delbos, should say to the Papal Nuncio in Paris that he believed an appeal by the Pope would be efficacious, the Pope would make such an appeal.

Delbos said that he believed an appeal by the Pope would fail because of the hostility to the Pope of the Valencia Government on the one hand and the German Government on the other. The only hope that he could see for a successful mediation would be if the President of the United States and the Pope should appeal simultaneously for a cessation of hostilities coupled with a proposal of mediation. He asked me if I would submit this thought for the President's consideration, reiterating that he was entirely certain that if the President should wish to make such an appeal he could arrange for the cooperation of the Pope in any form that the President might deem wise.

I treated this suggestion of Delbos in an interested but casual manner so that it will not be necessary for us to make any formal reply. On the other hand, if by any chance the President should feel disposed to act on the suggestion, the door is open.

I should be greatly obliged if you would let me have an entirely confidential indication as to the point of view of yourself and the President in case Delbos should bring up the matter when next we meet.³³

BULLITT

³³ No reply is found in Department files.

852.00/6124 : Telegram

*The Ambassador in the United Kingdom (Bingham) to the
Secretary of State*

LONDON, July 31, 1937—2 p. m.
[Received July 31—10:22 a. m.]

520. The meeting yesterday of the Sub-Committee on Non-Intervention in Spain ended in a deadlock as was expected. A high official of the Foreign Office said this morning that from the welter of acrimonious discussions it is quite clear that three main opinions on the British proposal have now crystallized:

(1) The Russian: the quite uncompromising stand that belligerent rights do not concern the Committee and that what is essential is that the despatch of men and raw material to Spain shall cease and that all so-called volunteers be immediately withdrawn. When this has been accomplished any question of recognition of belligerency may possibly be examined providing there is any point in so doing. The Russian stand against recognition of belligerency is perhaps the most serious obstacle to agreement.

(2) The German-Italian: the withdrawal of the volunteers and simultaneous acceptance of belligerency is agreeable in principle. Actually the Germans and Italians are demanding that the belligerency of Franco be recognized in any case and that the volunteers be withdrawn subsequently when it suits the convenience of Franco.

(3) The Anglo-French: that the withdrawal of volunteers be faithfully carried out as soon as possible and willingness to recognize a state of belligerency when the withdrawal is making real progress.

The Foreign [Office] official says that he refuses to be unduly discouraged by the continuing deadlock and even hopes that after further reflection, the Russian attitude may be more yielding and the Germans and Italians more inclined to admit the interrelation between the withdrawal of volunteers and the recognition of Franco's belligerency. The Foreign Office official further affirmed his belief in the usefulness of the Non-Intervention Committee and said the mere fact that it has existed for over a year has materially aided in restricting the conflict to the Spanish peninsula. Moreover, it is evidence, convincing to him, that no one of the principal countries represented on the Committee, even those who have proved most difficult, really desires abandonment in principle of the nonintervention scheme, although the Russians and the Germans and Italians in particular, he says, have used the Non-Intervention Committee as an arena for airing views to serve political purposes of their governments at home.

Recent conversations between the Prime Minister and Italian Ambassador together with a statement of the Prime Minister in Parliament that Great Britain desires complete friendliness with Italy to be restored, have received wide publicity and may help to create an

atmosphere more favorable to Italian cooperation in the work of the Non-Intervention Committee.

Eden declined categorically in the House of Commons last night to give a pledge that belligerent rights would not be accorded without the previous approval of Parliament. He said that if the nonintervention plan finally collapsed the British would act in consultation with France.

Halifax will be acting Foreign Secretary for the next 3 weeks while Eden is on leave.

BINGHAM

852.00/6139 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

[Extract]

PARIS, August 2, 1937—11 a. m.

[Received 8:15 p. m.]

1092-1094. Returning from Montfaucon to Paris yesterday I had 3 hours of conversation with Chautemps and Delbos.

They discussed the Spanish situation and decided that if the present discussions in London should reach absolute deadlock France would propose that the old system of control should be reestablished and the question of withdrawal of "volunteers" and recognition of Franco's belligerency reserved for future discussion.

They stated that meanwhile France had made preparations for any eventuality. The army in French Morocco was prepared to march into Spanish Morocco. They believed that in case of need the French Army would be able to occupy the whole of Spanish Morocco in 3 or 4 days. They also stated that preparation had been made for an attack on Sardinia from Corsica.

I asked what France would do in case there should be no agreement and further shipment of Italian troops to Spain. Delbos said that France would be obliged to support the Valencia Government by supplying munitions and permitting soldiers to go through and from France. This would be intensely dangerous but France could not permit Italy to take control of Spain.

Both Chautemps and Delbos discussed the British position, Delbos contributing the fact that Eden had told him frankly that he would prefer to see Franco win and that he believed that Great Britain could make an agreement with Franco which would ensure the departure of Germans and Italians from Spain. Chautemps pointed out that France was in a peculiarly unfortunate position diplomatically to take steps. England was engaged in negotiations of one sort and another with Germany and Italy and Spain counting on the readiness of

France to support England at all points. France on the other hand was engaged in no negotiations with either Germany or Italy or Franco and had no control over the course of events.

I asked if François-Poncet had made no further efforts to have serious conversations in Berlin looking toward Franco-German understanding. Delbos asserted that Poncet had made efforts recently but had received no response on the German side.

BULLITT

852.00/6164 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

[Extract]

PARIS, August 5, 1937—noon.

[Received—1 : 28 p. m.]

1116. In the course of a brief conversation last night Chautemps said to me that he had proposed to the British that they should attempt to obtain reimposition of the Spanish control system while reserving the questions of withdrawal of "volunteers" and recognition of Franco's belligerence for future and simultaneous discussion (see my 1092 to 1094 August 2, 11 a. m.). The British had agreed to make this proposal provided they should know in advance that it would be accepted by Germany, Italy and the Soviet Union as well as France. He had had the utmost difficulty in persuading the Soviet Union to accept this proposal. Indeed he was not sure that he had succeeded as his discussion with the Soviet Ambassador had continued until the moment of our meeting.

Chautemps went on to say that he felt the position of France would be intensely difficult if the Spanish Non-Intervention Committee should collapse entirely and therefore was making every effort to keep it alive. In case the nations represented in the Spanish Non-Intervention Committee should regain their liberty of action the French parties which support his Government would demand immediate deliveries of French munitions and other support for Spain. Inasmuch as all French munition factories were now under control of the French Government it would be impossible to say that the French Government was not intervening on the side of the Valencia Government. The result would be that Italy and Germany would increase their deliveries to Franco at a headlong rate and a situation would develop which would threaten war. Furthermore there would be great division of French opinion on this subject as some of the parties of the Right would object violently to active support of the Valencia Government.

BULLITT

852.00/6167 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, August 5, 1937—8 p. m.

[Received 8:40 p. m.]

729. Giral informed me this evening that the British Government appears to be greatly displeased by the decision of the Spanish Government, announced Tuesday, to send a delegation to Geneva in September to request the League of Nations to take action in the Spanish conflict by "applying sanctions pursuant to the pact" and putting an end to the invasion of Spanish soil. He appeared to attribute this attitude to the possibility that the Government's declaration may embarrass presumed negotiations between Great Britain and Italy concerning the Ethiopian issue. Giral seemed to be discouraged by this development and expressed the belief that as a result of the new trend of Anglo-Italian relations the British Government is veering toward Franco and may independently of the Non-Intervention Committee accord him recognition of belligerency.

He expressed the purely personal opinion that nothing further will come of the Non-Intervention Committee and that if the appeal to the League is not heeded Spain should and may withdraw from it.

THURSTON

852.00/6176 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, August 8, 1937—noon.

[Received 2 p. m.]

732. A communiqué from the Ministry of National Defense, reviving the *Leipzig* incident, quotes an extensive statement alleged to have been obtained from members of the crew of that vessel designed to show that no attack was made upon it—but that extensive preparations had been made, in connivance it is insinuated with Italian and rebel naval officials, for the physical simulation of an attack using largely unloaded torpedoes. In view of the danger even this plan was abandoned in favor of a mere assertion that the attack had occurred.

A second communiqué from the Ministry asserts that the rebel aviation service apprised by its espionage service that two Spanish ships bearing very important cargoes were due to arrive at a Spanish port yesterday went in search of them and by mistake bombed "two foreign vessels, one of them English".

A third communiqué amplifies earlier reports of alleged losses in rebel ranks at Toledo. Previous reports have claimed that similar uprisings occurred at Malaga and Granada.

THURSTON

852.00/6216½

*The Ambassador in Spain (Bowers), Then in France, to
President Roosevelt*³⁵

ST. JEAN DE LUZ, August 11, 1937.

DEAR MR. PRESIDENT: The other day Kaltenborn of the Columbia Broadcasting called upon me to tell me of an interview with Mr. Chautemps in Paris in which the French Premier said that something should be done to end the tragedy in Spain through mediation; and that the perfect mediators, because they have been neutral, would be you and the Pope. It is possible that you have been approached upon this subject. Under these circumstances I feel it incumbent on me to give you my opinion that at this juncture it would be taking too great a risk for you to give the suggestion favorable consideration. My impression is that France and England have made a miserable mess of their nonintervention which they have not even tried to enforce honestly, and that they have thus prolonged the war, and they are anxious now for some one to pull their chestnuts out of the fire.

I cannot conceive that there is the slightest disposition at this moment for either the Government or the Rebels with their allied forces to consider the making of any such concessions as would be in the least acceptable to the other party.

The trouble all along, particularly with the British Government, has been due to its apparent inability to grasp the real significance of this Spanish struggle. This is not an old-fashioned South American war in which ambitious and unscrupulous individuals fight for personal power. On the contrary the contest involves the most elemental and fundamental things in the world—the division of people along lines that strike deep into history and human nature. The differences are utterly irreconcilable. Primarily it is the difference between the fascist and the democratic concept of the state. That has many ramifications involving what we call liberty, human rights, the very organization of society, the relations of church and state. On these matters the better part of both sides are prepared to fight to the death. For either side to yield to the other's ideas on any of these subjects would be to surrender completely. And neither side is ready to do that now.

³⁵ Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y. This letter was transmitted to the Secretary of State on August 23, 1937, by the President, to be read and returned. The Secretary of State returned it with the notation "I agree. C. H."

This week I was talking with a pro-Franco man from San Sebastian who expressed his astonishment and discouragement because the loyalists are not in the least discouraged. With just as much reason to be discouraged, it is equally true that the Franco followers are not. Both sides still are fighting with the enthusiasm and optimism of zealots.

Under existing conditions I am quite sure that neither side would fail to resent any suggestion of mediation at this juncture.

Unquestionably it is true, however, that great numbers on both sides are tired, and in time they will become discouraged, and then they may be eager enough to find a way out if the plan proposed provides for a general amnesty. The Government would agree to that on condition that the status of June 1936 be restored. But would the Franco side, considerably under the domination of Germany and Italy, agree? It seems incredible. And it is just as incredible that the loyalists would consider amnesty for themselves a sufficient consideration for the abandonment of the constitutional democratic government of Spain.

I am amused at the suggestion of M. Chautemps that the Pope has been a neutral. He is just as neutral as he was in the case of Abyssinia. He is a very loyal Italian always. He has been favorable to the fascist cause in Spain, supported by 70,000 of Mussolini's army, throughout. There are domestic political reasons why it would be better to be associated with any other statesman in the world as mediator than with the Pope. Differences of opinion between the mediators could easily have too many political repercussions in the United States.

At this time the difficulties of accommodating differences in Spain seem insurmountable. The least the Government could accept would be amnesty followed by a complete acceptance of the constitutional government of the Republic. Even in the matter of amnesty it certainly could not consent to the restoration of the disloyal Generals to their previous rank. The Government could not consent to the abandonment of its social program, and the great landowners, industrialists and bankers would insist on that.

Mr. DeCaux, for twenty years the correspondent of the *London Times* in Madrid, who knows his Spain, and is a conservative and Catholic, surprised me the other day with the suggestion that the war could be ended only through mediation on the basis of the restoration of the Constitution of 1931, which he said had not been observed. I know of no violation of the Constitution by the Azaña people during the two and a half years of their régime before the Rights came in. I have never heard one charged. Under the Right Coalition Government there was a direct violation of the Constitution in the payment of parish priests out of the public treasury, since this specifically was

forbidden by the Constitution; and there was a negative violation in the abandonment of all pretence at building up a public school system.

So I can see no present hope in mediation, no possible formula of reconciliation that does not carry with it a complete defeat for one side or the other.

The issues here are so fundamental and have been for four years, and they have been supported with such violent partisanship that I was convinced long ago that peace could come to Spain only after an armed conflict. Now I am convinced that the end can come only when one side or the other is exhausted physically or financially. When that condition approaches for one side or the other, it may be willing to lay down its arms if general amnesty is offered.

But I am afraid that for any outsider to offer mediation now would be generally resented. It is well to bear in mind Spain's historic reaction through the centuries to all attempts of other nations to interfere in her internal affairs.

Your historic status is too commanding it seems to me to risk it at this juncture in an attempt to reconcile the irreconcilable in a foreign controversy. Our enviable position among the Powers, due to the acknowledgement from both sides that our neutrality has been rigid and honest, can easily be compromised if under existing conditions we permit ourselves to be precipitated into the very heart of the bitterest of domestic quarrels.

Sincerely,

CLAUDE G. BOWERS

852.00/6376

The Chargé in the United Kingdom (Johnson) to the Secretary of State

[Extract]

No. 3341

LONDON, August 23, 1937.

[Received September 4.]

SIR:

It seems appropriate here to make a few observations on British policy regarding Spain after a year of civil war, as seen by the Embassy. There have been a number of indications of a growing feeling in official circles, particularly since the fall of Bilbao, that it is time for Great Britain to start trimming her sails for the possibility of a Franco victory, or at least Franco in control of the greater part of Spain—and geographically the most important part of Spain from Great Britain's point of view. In all probability the British Government

would still prefer a peace without victory (see Embassy's despatch No. 2748 of January 4, 1937³⁶), or in any event a weak Spain, free from Italian and German influence. With the gradual extension of the Nationalist territory, however, the British Government seems to have given up hope of a more convenient outcome and begun exerting its subtle powers of propaganda towards gently preparing public opinion for the eventual recognition of Franco.

In other matters, unimportant in themselves but of possible interest as indications of policy, Franco has given the British Government something to think about. His cool attitude with regard to British interests in the Bilbao area, in contrast to the warm reception extended to Germany, must at least be a source of inconvenience. Judging from numerous questions in the House of Commons, Franco is making difficulties in connection with the return of British consuls to Nationalist territory. The Government has also been sharply questioned concerning the Spanish guns recently mounted near Gibraltar, and Mr. Churchill, who a year ago openly favored Valencia, bluntly stated in the House on July 19th that these guns near Gibraltar made formal relations with Salamanca necessary, whether Great Britain liked them or not. Even England's ancient ally, Portugal, on breaking relations with Czecho-Slovakia, left Portuguese interests entrusted to the Italian Legation. On the other hand, Franco is doubtless badly in need of money and since Italy and Germany have none to spare, the British Government should be able to make a satisfactory deal with Nationalist Spain in return for financial support from the City. Furthermore, under ordinary circumstances Great Britain is Spain's best customer.

In fine, though Great Britain dislikes the prospect of a dictatorship in Spain friendly to Germany and Italy, the British Government has to consider whether it is not time to start cultivating Franco's friendship. British public opinion, and the Press, are of course influenced by their taste for the Left or the Right in Spanish politics. But it is unlikely that these feelings have any important influence on Great Britain's policy, in Spain or anywhere else, which is simply aimed at serving strategic and other interests of Great Britain and the Empire regardless. Since a drawn contest seemed to give promise of simplifying Great Britain's Mediterranean problems (or to some even a victory for Valencia) the Government has tempered its policy accordingly; now that it looks as if Franco may have come to stay, the Government is making the appropriate adjustments. By the same token, should by any chance the ultimate fortune of war favor Valencia, this process will be reversed again and we will doubtless hear more about the "legitimate Government in Spain" than we have of late.

³⁶ Not printed.

I have no desire, in making these remarks, to minimize in any way what I believe has been, from the beginning of the Spanish conflict, the sincere and open desire on the part of the British, paramount among various considerations, to keep the fighting strictly confined to the Spanish peninsula with a view to preserving European peace.

Respectfully yours,

HERSCHEL V. JOHNSON

852.00/6263 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, August 23, 1937—4 p. m.

[Received 10 : 50 p. m.]

748. The Ministry of State has furnished the Embassy a copy of the communication addressed by Señor Giral to the Secretary General of the League of Nations on Saturday with respect to the acts of aggression alleged to have been committed in the Mediterranean recently by vessels of the Italian Navy against Spanish and other merchantmen. This communication, after reciting details of the incidents complained of (all of which have been reported by the press) states that the Spanish Government requests that the matter be placed on the "order of the day" of the Council, invoking Article II of the Covenant, and that it is left to the discretion of the President of the Council and the Secretary General to determine whether an immediate and special meeting of the Council shall be convoked.

I was informed at the Ministry of State that in addition to the appeal to the League, separate communications on the subject are about to be addressed to the British, French, and Russian Governments. While I was not informed of the nature of these communications I received the impression that it is hoped they may result in direct representations to the Italian Government.

Repeated to Ambassador Bowers and Embassy at Paris.

[THURSTON]

852.00/6315

Memorandum by the Secretary of State

[WASHINGTON,] August 27, 1937.

During his call, the Spanish Ambassador took up the question of a sentence in Senator Pittman's recent neutrality speech³⁷ in which he says Senator Pittman stated that the Spanish Government had not objected to the position of this Government with respect to apply-

³⁷ Radio speech, August 23.

ing our Neutrality Act to Spain, whereas the Ambassador correctly stated that he had more than once objected to it to me here in the State Department. I stated to him that, of course, everybody understands that the senators are in a separate, independent branch of the Government and do not speak officially for the Government itself in foreign affairs. I said that doubtless any inadvertence in Senator Pittman's speech was due to the fact that I had not had a conference with him on that point and furthermore the press had given no publicity to this attitude of the Spanish Government. I added that I would bring the matter to the attention of Senator Pittman's secretary, who probably would be able to locate him in the West at a little later date.

C[ORDELL] H[ULL]

852.00/6301 : Telegram

The Chargé in Turkey (Washington) to the Secretary of State

ISTANBUL, August 27, 1937—10 a. m.

[Received August 27—8 : 45 a. m.]

50. My telegram No. 46, August 20, 3 p.m.⁸⁸ Turkish Ministry for Foreign Affairs has addressed to the foreign missions accredited to Turkey two circular notes dated August 24, with reference to the operation of an unidentified submarine in and near Turkish territorial waters.

The first confirms the sinking on August 14th 15 miles from Tenedos of the *Ciudad de Cadiz* by a submarine of unknown nationality. It also states that according to reports received a second hostile act occurred on the 18th less than two miles from Tenedos resulting in the sinking of the *Armura* concerning which the Government has ordered an official investigation, the results of which I will communicate later.

The second requests the missions to inform their governments that on the 19th a Turkish naval unit sighted a suspicious object near Marmara Island thus raising the possibility of the presence in the Sea of Marmara in violation of the Straits Convention⁸⁹ and international law of a foreign submarine which, if ever discovered will be challenged and if possible seized, failing which force will be employed to encompass its capture or destruction.

Background submitted in despatch No. 334, of August 24, 1937.⁸⁸

WASHINGTON

⁸⁸ Not printed.

⁸⁹ Montreux Convention, July 20, 1936, League of Nations Treaty Series, vol. CLXXXIII, p. 213. See also *Foreign Relations*, 1936, vol. III, pp. 503 ff.

701.6252/29 : Telegram (part air)

The Chargé in Germany (Gilbert) to the Secretary of State

BERLIN, August 27, 1937—6 p. m.

[Received August 28—9 a. m.]

204. It is my feeling that the recall of General Faupel as German Ambassador to the Franco Regime has been accorded undue importance in current diplomatic and press comment. It seems to us that any significance in the happening might lie chiefly in the choice of his successor. The whole matter has been handled at Berchtesgaden but while no name has yet been announced the understanding here is that he will be replaced by a career diplomat.

There seems to be no good reason to doubt the official German explanation that Faupel was recalled for reasons of health in particular, as this is substantiated by collateral evidence. It appears to be true, nevertheless, that he did not get along very well with the Spanish officials at Salamanca, that there were numerous evidences of friction and that, in general, his mission was not entirely successful. The Italians have a career diplomat as Ambassador. The situation at Salamanca is understood to be rife with political intrigue and a striving for a predominant political influence and Germany may well think that a career diplomat is better suited to serve her current purposes in Spain.

It may be suggested, however, that the replacement of a military officer by a diplomat is in line with German policy, in sharp contrast to that of Mussolini, of playing in defiance of her military activities in Spain, the military title of Faupel being a somewhat embarrassing symbol of her military efforts.

In general, Germany's policy appears to remain that of according limited but definite military assistance but at the same time maintaining complete official silence on that score and continuing the tacit fiction of "volunteers". While this fits in with an opportunist policy of making no public move pending decisive developments in Spain, and again in contrast to Italy facilitating such face saving as may become necessary, there is no local evidence of Germany's "withdrawal" from Spain which has from time to time been mooted.

Although no exact estimate is possible the Military Attaché believes that there are roughly some 12,000 German officers and men in Spain. These are understood to be, with the exception of a number of anti-aircraft batteries and aviators, entirely engaged in training and in other behind the line activities. This would mean that no material change has occurred in recent months. Shipments of munitions continue at about the same high level and it is thought that to an extent these are being paid for by shipments of grain.

Respecting the immediate military situation, the Military Attaché tells me that German Army circles seem much more satisfied with the progress made than they have been for some time. This satisfaction is based on the success in the Santander campaign which was accomplished largely by German trained all Spanish "navarre" divisions and is thus regarded as a German achievement and a vindication of German policy and methods.

On the purely German side the military authorities here see an extremely important advantage in the employment of Spain as an ordnance testing ground under combat conditions of all their equipment. Meanwhile their casualties are stated to be not over two or three hundred for the period to date. A financial loss would, of course, be sustained to the extent Germany is not receiving or may not receive payment for the equipment furnished.

Copies by mail in code to London, Rome, Paris, Geneva.

GILBERT

852.00/6329

The Spanish Ambassador (De los Rios) to the Secretary of State

[Translation]

No. 136/07

WASHINGTON, August 28, 1937.

MR. SECRETARY: As "aide-mémoire" of our conversation of yesterday based on the public statement of the Chairman of the Committee of Foreign Affairs of the Senate, Mr. Key Pittman, I take the liberty of referring to the terms of the same in which I repeated to you my Government's views concerning the neutrality law of the United States, on which subject I have had the honor to converse with Your Excellency on various occasions. I recalled to you that it had always believed that the said law prejudiced the rights which international juridical rules recognize to all legal governments and that it was a partial law, first, because it placed the rebel aggressor on a footing of equality with the legal government; and, second, because its application has not been extended to the invading and aggressor countries, like Italy and Germany, its effects, therefore, being limited to the diminution of the rights of the Spanish Government, a legitimate Government elected by the people and recognized by the United States as a *de jure* and *de facto* government. These statements, which certainly are not new to Your Excellency, show the erroneousness of the statements of Senator Pittman, according to which the Spanish Government had not made a protest nor expressed any complaint on account of the neutrality law. I desire to recall to Your Excellency all that I have set forth orally on various occasions, for otherwise it might be thought that the apathy of my Government was so great that an act new in international law, as is that which has been done in

the case of Spain, had not pained, and pained keenly, the Government which I have the honor to represent.

I avail myself [etc.]

FERNANDO DE LOS RIOS

852.00/6314 : Telegram

The Minister in Uruguay (Lay) to the Secretary of State

MONTEVIDEO, August 28, 1937—3 p. m.

[Received 4:39 p. m.]

34. I received at 1:00 p. m. today a note from the Ministry of Foreign Affairs, dated August 27, stating that the Uruguayan Government through its Ministry of Foreign Affairs in Montevideo has sent to the Governments of the American Republics a proposal the text of which I am requested to forward as soon as possible and which reads as follows:

“(Translation). The Government of Uruguay has the honor to address the Government of your Republic through the worthy intermediary of Your Excellency proposing to it a joint declaration on the part of the American Governments of the recognition of belligerency in favor of the two parties in civil strife in Spain.

This recognition is founded primarily on the *de facto* situation which continues and on a *de jure* situation resulting from the international relations which both governments maintain with other states which not only have recognized their belligerency on land, sea, and in the air, but have recognized them as stable governments.

It is unquestionable that it is not a matter of two parties in civil war, as up to now, but of two public powers which are settling by arms the definition of their respective positions on Spanish territory.

Furthermore, the declaration which the Uruguayan Government proposes assumes not only rights on the part of the new belligerents but also the requirement of duties correlative to their new international status.

The work of pacification itself will be aided by the declaration which I have the honor to propose to Your Excellency's Government.

The American nations would take a definite step along the road to respect for international standards in recognizing the reality in fact and in law in the Spain of today.

Your Excellency is requested to transmit to your Government the preceding proposal, with the sincere expression of my high consideration”.

LAY

852.00/6312 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, August 28, 1937—6 p. m.

[Received August 28—3:55 p. m.]

1215. At luncheon Chautemps and Blum referred to the fact that there had been a bitter debate at Cabinet meeting today with regard to

the attitude that France should take toward the Spanish situation in view of Mussolini's telegram celebrating the triumph of Italian troops in the attack on Santander.

Chautemps said that he felt that Mussolini's telegram had made a continuance of the work of the London Committee impossible but he saw no alternative program which would not involve most serious consequences.

I gathered that there would be no change in the French position. Chautemps and Léger expressed the opinion, however, that it would now be most difficult for the British Government to go ahead with the policy of reaching reconciliation with Mussolini.

BULLITT

852.00/6319 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, August 29, 1937—4 p. m.
[Received August 29—11:35 p. m.]

757. The fall of Santander has not yet been officially admitted⁴¹ although fragmentary news items and editorials pointing to the danger of the "fifth column" as exemplified there have probably appraised [*apprised?*] the literate section of the population of that event. Activities on the Aragon front are on the other hand given great prominence with the obvious purpose of diverting attention from the north and of creating the impression that a victorious offensive of considerable importance is in progress. Negrín has informed me, however, that this offensive was designed to draw off enemy forces from the Santander front where it had been expected that a more determined resistance would be made at Reinosá. It is not contemplated, for example, that Zaragoza will be taken—unless unexpected weakness should be encountered.

The Government appears to be confident of its ability to hold its ground in eastern Spain and to place equal faith with respect to its eventual triumph in its growing army, alleged disruptive influences at work within the insurrectionist ranks and vague hopes of favorable international developments—whether a general war or action leading to the cessation of foreign interference is not apparent.

In the meanwhile the Government is confronted by several potentially dangerous problems. These include the unremitting antagonisms between the elements supporting it, especially the C. N. T. and

⁴¹ A communiqué dated August 29, and published in the newspapers of August 30 and 31, announced the fall of Santander.

Communists, the shortage of bread and other articles of prime necessity as well as of fractional currency "peculiarly conducive to discontent" and the apparently increasing effectiveness of enemy naval operations against shipping in the Mediterranean which may curtail the supply of essentials such as gasoline. Furthermore, although information on this point is not obtainable the increasing preoccupation of the Government with respect to privately held wealth and foreign exchange may be symptomatic of the impending exhaustion of its funds.

Repeated to Ambassador Bowers and Paris.

THURSTON

852.00/6433

Memorandum by Mr. Harry A. McBride, Assistant to the Secretary of State

[WASHINGTON,] September 1, 1937.

The Spanish Ambassador called at his own request upon the Secretary at 3:30 o'clock, this afternoon. He informed the Secretary that he was calling on a personal rather than an official errand. He said that the Army, which in the name of the Spanish Government was defending the legal Republican Government in the Province of Santander in the north of Spain, has been surrounded by the Rebel Army and, because of lack of munitions, has been obliged to surrender; that this Government army numbered some fifty to sixty thousand men and among them are some two thousand civil members of the Spanish Government, such as members of the Government of Vizcaya—employees, mayors, judges, ambulance doctors, and the like. It is feared, according to the Ambassador, that "these two thousand civil employees will be shot, as happened at Malaga, Badajoz and Bilbao". The Ambassador informed the Secretary that there were no charges against these two thousand men, "their only crime having been to defend the law and the legal Government against the Rebels". The Ambassador said that to intervene in order to save the lives of these men would be an endeavor in the interests of humanity and justice.

In a subsequent conversation with me, he expressed the hope that the Secretary or the Department through any direct or indirect means at their disposal would be willing to take an interest in this humanitarian act.

I attach hereto a memorandum which the Ambassador wrote in my office upon the subject.⁴²

H. McBRIDE

⁴² Not printed.

852.00/6358

*Memorandum by the Chief of the Division of American Republics
(Duggan) of a Conversation With the Brazilian Ambassador
(Aranha)*

[WASHINGTON,] September 1, 1937.

The Brazilian Ambassador stated that his Government desired to act in concert with the United States with regard to the Uruguayan proposal that a state of belligerency be recognized in Spain. I informed the Ambassador in general of the nature of our proposed reply, which he said he would transmit at once to his Government with a strong plea that it adopt the same attitude. The Ambassador assured me that he would have the reply by tomorrow, and expressed the hope that this Government might see fit to hold up its note to the Uruguayans until he had word that the substance of the two replies would be in agreement.

852.00/6314

*Memorandum by the Chief of the Division of American Republics
(Duggan) of a Conversation With the First Secretary of the
Chilean Embassy (Huneus)*

[WASHINGTON,] September 2, 1937.

Mr. Huneus stated that following my conversation with him yesterday⁴³ with respect to the probable scope of this Government's reply to the Uruguayan proposal for the recognition of belligerent rights, he had sent a telegram to his Government. He now has a telegram in reply which covers the following points:

1. That in all probability it would not be possible to get a favorable response on the part of all countries to the Uruguayan proposal, either because of internal considerations or because of the policy of some countries not to intervene or become involved in European affairs;
2. That a negative reply to the Uruguayan proposal might do an injustice to one of the parties;
3. That a negative reply might throw the matter into the next League assembly, and
4. That the Chilean Government suggests the desirability of convening a consultation of the American Republics under the consultative provisions of the conventions adopted at Buenos Aires.⁴⁴

I expressed my interest in the information conveyed by Mr. Huneus with regard to the views of his Government, and said that

⁴³ Memorandum of conversation, August 31, not printed.

⁴⁴ See *Foreign Relations*, 1936, vol. v, pp. 3 ff.

I would see that it was placed before the proper officers in the Department at once.

It is obvious from the nature of this reply that the Chilean Government is not unfavorable to the Uruguayan proposal. From the beginning of the Spanish civil strife the Chilean Government has been one of the countries most favorably disposed toward the rebels. Its Embassy in Madrid has served as a haven of refuge for rebel sympathizers, and Chilean diplomatic and consular officers have been involved in a number of incidents that have shown a marked prejudice in favor of the rebels. Eu ⁴⁵ is in a better position than this Division to comment on the activities in Spain of Chilean Government officials.

Action under any of the conventions adopted at Buenos Aires would seem rather far-fetched. In the first place, the only countries which have ratified the appropriate conventions are, besides the United States, the Dominican Republic, Nicaragua and El Salvador. In the second place it is open to considerable question whether any of the provisions of the Buenos Aires conventions, even were they in effect, would cover the type of question raised by the Uruguayan Government. A copy of the principal provisions with respect to consultation in the Buenos Aires Treaty is attached hereto.⁴⁶

It would appear, therefore, that if consultation is to be held it would have to flow from the spirit of the Buenos Aires conference and conventions adopted there, rather than from any treaty now in effect. It is my own preliminary view that the present matter is not of the character contemplated for consultation under the Buenos Aires convention, and that in so far as inter-American relations are concerned, it would be a misfortune for the first consultation to concern itself with a matter of this character.

LAURENCE DUGGAN

852.00/6314

Memorandum by the Chief of the Division of American Republics (Duggan)

[WASHINGTON,] September 3, 1937.

The Brazilian Ambassador telephoned me this morning at eleven o'clock with regard to the Uruguayan proposal that belligerent rights be recognized in Spain. He said he had received a telegram from his Foreign Office containing the following information:

That the Brazilian Government would like to reply to the Uruguayan note in accord with all the other Governments of this hemisphere, but particularly the Government of the United States;

That it will await the reply of all the other Governments before replying itself;

⁴⁵ Division of European Affairs.

⁴⁶ Enclosure not printed.

That its own point of view is that the present situation represents partiality towards one of the parties;

That belligerency in fact exists and that there is plenty of justification in international law for recognition of belligerency;

That it is convenient to clarify the situation just because it is a European matter;

That Brazil does not intend to recognize Franco, and

That in any case Brazil will not act in an isolated way and will be largely influenced by the attitude of the United States.

The Ambassador interpreted this telegram to mean that his Government is not unfavorable to the Uruguayan proposal; that it does not, however, have any intention of recognizing Franco, and that since on the basis of the information his Government has regarding the probable reply of the United States it appears that the United States will not accept the Uruguayan proposal, Brazil will wait until all the countries have replied and then will endeavor to harmonize its reply with the others, particularly with the reply of the United States.

852.00/6314: Telegram

The Secretary of State to the Minister in Uruguay (Dawson)

WASHINGTON, September 3, 1937—2 p. m.

19. Your 34 of August 28, 3 p. m. You are requested to deliver the following note to the Minister of Foreign Affairs:⁴⁷

"I am directed by my Government to state that it has given most careful consideration to Your Excellency's communication of August 27 and recognizes in the proposal therein set forth the characteristic concern of the Uruguayan Government in the maintenance of high international standards and the pacific adjustment of all disputes, wherever they may arise, which threaten the good relations among nations. My Government fully appreciates that the heritage of many of the countries of this hemisphere gives them a particular concern in the tragic strife that has taken the toll of so many lives in Spain.

The Governments of twenty-seven European nations have for many months been cooperating through the Non-Intervention Committee at London in an endeavor to prevent the internal conflict in Spain from involving the peace of Europe. While this Government has not participated in the work of this Committee, it has followed with sympathetic interest the efforts of these European nations to limit the effects of the Spanish civil strife. The Government of the United States has, moreover, in so far as such action might be consistent with its firm policy of not interfering in the internal affairs of other countries, always stood ready to support any constructive effort to promote and preserve world peace. The Non-Intervention Committee at London has not, however, as the result of its deliberations in which 27

⁴⁷ By telegram No. 38, September 3, 8 p. m. the Minister in Uruguay informed the Department that the note was delivered at 7:45 p. m. (852.00/6360).

European nations have participated, decided to recognize a state of belligerency in Spain.

Therefore, while fully recognizing the high motives which have prompted Your Excellency's Government to take this initiative, and without in any way implying any judgment with respect to the merits of the proposal, my Government is confident that you will appreciate that the policy which it has consistently maintained since the beginning of the Spanish conflict would preclude it from associating itself with the action proposed by the Uruguayan Government."

HULL

852.00/6417

Memorandum by the Secretary of State

[WASHINGTON,] September 7, 1937.

The Spanish Ambassador came in today upon his own request. He bluntly inquired what the State Department had done about his recent request that this Government exercise its influence in its own way to save the lives of some 2,000 persons captured at Santander and who apparently are under the ban of the Franco Government.

I promptly replied that nothing had been done; that it is not within the province of this Government to say or do anything relative to the nationals of other countries, as in the instant case, which would be considered officious on the part of this Government or to be a departure in the slightest from our policy of non-interference. The Ambassador seemed to accept this as a matter of course.

He then proceeded to talk about the issue between democracy and dictatorship becoming more acute in connection with the Spanish situation and indicated that, of course, this government would be much interested in opposing Fascism in any feasible way. He said that the term of the Spanish Government's membership in an important position in the League at Geneva is expiring and that the Fascist forces are seeking to prevent the Spanish Government from retaining this position. He then urged that this Government exercise its influence in its own way to aid the Spanish Government in this matter. I again promptly said to him that the United States is not a member of the League; that it is pursuing a policy of strict non-interference with respect to the Spanish situation and political involvements generally and that of course it would not be possible for this Government directly or indirectly to attempt to interfere in this matter to which he referred. He indicated that he understood entirely this viewpoint but that it was his function to carry out instructions by presenting these matters to the State Department.

C[ORDELL] H[ULL]

852.00/6374 : Telegram

The Chargé in Italy (Reed) to the Secretary of State

ROME, September 7, 1937—11 a. m.
[Received September 7—9: 35 a. m.]

402. Embassy's 399, September 3, 11 a. m.⁴⁸ The following communiqué was published this morning.

"The Soviet Chargé d'Affaires in Rome has sent a note to the Foreign Minister in which after citing the torpedoing of two Soviet ships in the Eastern Mediterranean he ascribes the responsibility therefor to Italy and demands payment of damages and punishment of the guilty parties.

To this note the Foreign Minister has replied that Italy denies this charge and thus rejects en bloc the demands of the U. S. S. R."

Inspired editorial comment on the Soviet note indicates that its presentation may affect Italy's attitude toward the projected Mediterranean conference the invitation to which was delivered here yesterday jointly by the British and French Chargés d'Affaires.

An American press correspondent who interviewed Ciano last night after the receipt of Soviet note informs me Ciano said he had been considering going himself to Nyon but that he did not now see how Italian representatives could attend conference and sit at the same table with representatives of a government which had officially accused Italian Government of committing acts of piracy.

REED

852.00/6671

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, September 7, 1937.
[Received October 11.]

DEAR MR. SECRETARY: On Monday, the 6th, two Ministers of the Basque Government, the Minister of the Interior, Sr. Monzon, and of Justice, Sr. Leizaola, asked to see me. They brought a personal letter from President Aguirre, who is now at Bayonne, with the request that I transmit to the President a letter to him from the President of the Basques requesting his good offices with Rome in bringing about the fulfillment of the terms of capitulation agreed to and signed by the Italian officers, to whom surrender was made, and the representatives of the Basques.

I told them that it was more than doubtful whether we could, under our policy in the war, comply with the request, but that I would send

⁴⁸ Not printed.

President Aguirre's letter ⁴⁹ to President Roosevelt and the terms of the capitulation ^{49a} to the Department unofficially. I gave them no encouragement but treated them with the sympathetic consideration I know them to deserve.

By transmitting these papers unofficially nothing need be made a matter of record unless you prefer. And should any acknowledgment be made it can be made through me by word of mouth and not in written form.

I have thought it best to send these papers by pouch rather than by cable because of their length, and the necessity of explaining them in some detail. Since inquiries will be made later, I would suggest that whatever instructions you may wish to give me should be sent by telegraph.

I feel personally that the failure to carry out the one stipulation in the terms of capitulation, involving as it may the deaths of many people, entitles the Basques, who scrupulously refrained from cruelty, to some means of communication with the Italians who made the pledge. I suggested the International Red Cross, but the Ministers replied that it had not been successful in arranging exchanges of prisoners, and I got the impression that the Basques look upon the International Red Cross as pro-Franco and unreliable. I can readily believe this in view of the bitter harangue against the Government to which I listened from the titled wife of the International Red Cross representative in Spain in my house a week ago. But how we can do anything without to some extent involving ourselves I do not know. Whether it would be proper for the Embassy in Rome informally to make inquiries you will know.

President Aguirre evidently realizing the delicacy of the thing requested that, if we can do nothing, we make any suggestions that may occur to us as to how to reach Rome.

Very truly yours,

CLAUDE G. BOWERS

It should be observed that the Italians were not responsible for the failure. They permitted the 3,000 to board the ships. It is possible they may not relish the position in which they are placed.

[Enclosure—Translation]

President Aguirre to President Roosevelt

TO HIS EXCELLENCY THE PRESIDENT OF THE UNITED STATES OF AMERICA: The Basque troops having fought during ten months in order to preserve the liberty of the people and the democratic form of Government, they have been obliged to surrender at Laredo, Santofña and Santander before the means, without contrast, which the

⁴⁹ *Infra.*

^{49a} Not printed.

enemy possessed. The surrender was made under conditions before the Italian Command of the auxiliary legion of General Franco. The main point of them is respect for the lives of the combatants and politicians handed over, without exceptions, and the non-employment of reprisals on the Basque civilian population, facilitating the departure from Spain of the contingent of the most important prisoners. In view of the unaccomplishment of the clause relative to such departure, and recalling the cruelties which the Franco faction has employed in all the territories conquered, I have a similar fear of the non-fulfillment of the obligation to respect lives. For that reason, I address Your Excellency, begging that you make an appeal to the Italian Government that it consider it proper for the above mentioned legion to see that this exigency of humanity be respected. I recall the great sufferances of the Basque population who have seen entire villages destroyed such as Durango, Guernica and the irreproachable conduct of the Basque Army and Government which, without counter-part, have freed all the political prisoners who for reasons of security and war were in prison. This liberty affected more than 3,000 men. I beseech you, having full confidence in the greatness, sentiments and morale of Your Excellency and the glorious North American Republic.

JOSÉ AGUIRRE

852.00/6401 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, September 8, 1937—noon.

[Received 12:40 p. m.]

1257. Chautemps stated to me last night that the French Government had had no previous information whatsoever with regard to the Soviet protest to Italy. He felt that the moment was exceedingly ill-chosen for such a protest; but the Soviet Government apparently had an unassailable case. He was informed that members of the crew of the *Timiryazev* had been able to take photographs of the submarine which proved indisputably that it was Italian.

He did not yet know whether or not the Italians would attend the conference at Nyon. Yesterday afternoon the Italian Government had stated to the French Government that it would not be represented at the conference unless France and England could obtain categorical assurances from the Soviet Government that the Soviet Government would not bring up the cases of the *Timiryazev* and the *Blagoev* at the conference, and would refrain from accusations against Italy.

Chautemps was more pessimistic than ever with regard to the prospect of preserving peace in Europe. He repeated the phrase which one now hears daily: "Peace is at the mercy of an incident." He went

on to say that he believed it would be impossible to preserve peace unless the United States should take the position that it would give all possible aid of an economic and financial nature to any country attacked. I replied that he must know as well as I did that it was out of the question for the United States to take such a position. I had told him and Delbos countless times that the people of the United States as well as the Government were 100 percent against any action which might involve the United States in another European war. The terms of the Neutrality Act were an expression of the unanimous desire of Americans to stay out of war. He could be sure that the United States would make every effort to remain aloof from European conflict. I added that he must have had the same information from his Embassy in Washington. Chautemps answered that he knew this was the attitude of the United States at the present time; but he felt that if the war should be prolonged, and it might go on for years, there would be such complications that the United States would be dragged in. I replied that at any rate he could count on the United States to struggle to stay out of war no matter how long the war might be.

BULLITT

852.00/6395 : Telegram

The Chargé in Italy (Reed) to the Secretary of State

ROME, September 8, 1937—1 p. m.
[Received September 8—8:03 a. m.]

404. Embassy's 402, September 7, 11 a. m. A second Soviet note was delivered to the Italian Government this morning rejecting Italy's reply as unsatisfactory, sustaining the accusations contained in the original note and reiterating the demand for indemnity.

Although Italy's decision regarding attendance at the Mediterranean Conference has not yet been made known the general impression prevails here that any Italian acceptance of the Franco-British invitation would be so surrounded with conditions as to make the prospect of a conference seem unlikely. Among these conditions it is anticipated will be the demand that the Soviets be excluded.

REED

852.00/6408 : Telegram

The Chargé in Uruguay (Reed) to the Secretary of State

MONTEVIDEO, September 8, 1937—5 p. m.
[Received 5:40 p. m.]

39. My No. 38, September 3, 8 p. m.⁵⁰ The Mexican Minister informs me that President Terra desired to recognize Franco Govern-

⁵⁰ See footnote 47, p. 385.

ment some days before Uruguayan note was sent but Foreign Minister Espalter and most of Cabinet opposed such action except after consultation with American states and that Uruguayan note represented compromise between those points of view. He added that Espalter is now endeavoring to have note regarded as consultation rather than proposal.

The Ministry of Foreign Affairs has made no statement regarding the replies received nor has the Government organ *El Pueblo* published anything on the subject. I learn from my colleagues that the first reply was made by Venezuela stating that the Venezuelan Government has acted in accord with the American nations since the beginning of the Spanish War and would be disposed to participate in a collective recognition of belligerency. The second reply was from Mexico dated August 31, drafted and delivered in Montevideo September 1, and disagreed with the Uruguayan statement that there were two public powers in Spain, declaring that there is only one legally constituted government there and that recognition of the insurgents would be contrary to the principles of international law. The United States note was apparently third closely followed by the Bolivian reply that a rebellion does not necessarily entail the recognition of belligerency which would constitute a manner of recognizing two governments in the same country. Bolivia also referred to the Non-Intervention Committee. The Chilean Government has made a preliminary reply pointing out (1st) that recognition would favor the rebels only; (2d) that recognition should be unanimous; (3d) that there should have been previous consultation in accordance with the Buenos Aires resolutions; and (4th) that recognition would hinder the work of the League of Nations. Peru is understood to have made a preliminary reply in the negative sense. Argentina is believed to be strongly opposed to the Uruguayan initiative although neither that country nor Brazil has replied as yet.

REED

852.00/6411 : Telegram

The Chargé in Italy (Reed) to the Secretary of State

ROME, September 9, 1937—6 p. m.
[Received September 9—2: 14 p. m.]

406. Embassy's 404, September 8, 1 p. m. The Italian reply to the Franco-British invitation, the text of which is published this afternoon, states that the arbitrary Soviet accusation of Italy has introduced a new and grave factor into the situation and made it impossible for Italy to carry out her original intention of agreeing to attend the conference. At the same time the Italian Government, determined to

neglect nothing which may help to remedy the present situation in which it is directly and vitally concerned, has reached the conclusion that in view of the number of powers invited and the nature of the conference the questions to be discussed might adequately be examined by the already existing London Committee whose experience fits it to handle the matters indicated in the British and French notes. Such procedure would also have the advantage of leaving out none of the powers directly interested, particularly Poland and Portugal. The Italian Government is disposed to continue its activity within the Committee and is ready in agreement with the German Government to give its representative on the Committee all necessary instructions.

REED

852.00/6414 : Telegram

The Chargé in Germany (Gilbert) to the Secretary of State

BERLIN, September 9, 1937—7 p. m.
[Received September 9—4: 53 p. m.]

226. 1. I learn at the Foreign Office that identic replies to invitations to the proposed conference on the Mediterranean situation which were in the form of identic notes from the French and the British were handed to the British Ambassador and the French Chargé this morning. The German Government in effect declines participation. The attitude of the Foreign Office is one of continuing resentment that London refused Germany's suggestion for joint consideration of the *Leipzig* and *Deutschland* incidents and that on this score the refusal of the present invitations is justified. The expressed Foreign Office reason is that, due in particular to the situation created by the Russian note to Italy, the "atmosphere is not favorable to a successful conference." Foreign Office officials admitted that up to the time of that occurrence they had been inclined to accept. The notes in reply state that the matter should be referred to the existing Non-Intervention Committee. I was told that Germany would attend a Non-Intervention Committee meeting for that purpose whenever called.

2. As seen from here the Russian note to Italy has the appearance of a move in the realm of "pressure politics" which with increasing frequency has characterized the recent European situation, a feature of which is that positions taken for pressure purposes by no means necessarily imply the intent or even a willingness to translate words into action.

This Russian position may, I think, be regarded as a natural repercussion in Europe of the Far Eastern situation and thus in a sense confirmatory of Von Mackensen's opinion reported in my 206, August

28, 11 a. m.⁵¹ Incidentally, in my conversation at the Foreign Office the view was expressed that the present Russo-Italian difficulties would not result in a rupture of diplomatic relations.

3. The German notes just published are substantially along the lines outlined above. They stress throughout, however, that the action taken is in agreement with the Italian Government and give as one of the reasons why the matter should be referred to the Non-Intervention Committee as thereby permitting the participation of other states such as Poland and Portugal.

Copies in code by mail to Rome, Paris, Moscow.

GILBERT

852.00/6412 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, September 9, 1937—8 p. m.

[Received September 9—3:55 p. m.]

587. Department's 385 September 8, 5 p. m.⁵² and Embassy's 586, September 8, 7 p. m.⁵³ I learn from the Foreign Office that delivery today of German and Italian refusals to attend the Nyon Conference may make necessary some modification of British and French plans. It was suggested that the first formal meeting may take place at Nyon and the subsequent work of the experts done at Geneva. British official opinion as well as public, reflected in the press of all shades of political opinion, is hardening. While the British Government may be compelled to meet in a practical way obstacles to realization of their objective, day by day as they arise, there has been no apparent change in their determination to bring about concerted action to deal with the menace in the Mediterranean. What effect the German and Italian suggestion that the matter now at issue should be referred to the Non-Intervention Committee in London may have on developments, it is impossible now to say. The British are sending a strong delegation to the conference, composed [of] the Foreign Secretary, Vansittart and Lord Chatfield, First Lord of the Admiralty and chief of the Naval Staff, together with two naval experts.

Both Foreign Office and Admiralty officials are extremely reticent in discussing any details in connection with the Nyon meeting. I have, however, had the impression at the Foreign Office during the

⁵¹ Vol. III, p. 489.

⁵² Not printed; it requested any available information with regard to the opinion of the British Foreign Office or Admiralty as to the nationality of the submarines sinking ships in the Mediterranean or the nationality of their officers (852.00/6415a).

⁵³ Not printed.

past week, although based on no special statement, that the weight of opinion inclines to the view that Italian submarines are responsible for recent attacks on shipping in the Mediterranean. This view is strengthening [*strengthened by*] information which the Naval Attaché received in confidence at the Admiralty this afternoon. Admiralty officials as well as those of the Foreign Office would not make any direct statement as to responsibility of Italy for submarine outrages but they mentioned to the Naval Attaché, as a matter of fact, that their naval radio interception service had obtained detailed information as to the amount and location of Italian naval radio activity in the Mediterranean which has convinced them that this radio activity is far greater than the normal movements of the Italian fleet would justify. It is also of interest that Admiralty officials stated their experts are convinced that a submarine torpedo was actually fired at the *Havoc* although they have no reliable evidence that the submarine had been damaged by depth charges from the *Havoc*.

JOHNSON

852.00/6428 : Telegram

The Chargé in Italy (Reed) to the Secretary of State

ROME, September 10, 1937—5 p. m.

[Received 6:16 p. m.]

407. My 404, September 8, 1 p. m. A high official of the Foreign Office told me today that Italy has no intention of replying to the second Soviet note and that consideration might eventually have to be given to severance of diplomatic relations with that country.

REED

852.00/6426 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 10, 1937—11 p. m.

[Received September 10—9:50 p. m.]

277. The Mediterranean Conference opened at Nyon this afternoon in public session. Upon the proposal of Eden, Delbos was made President.

1. Delbos said that the object of the Conference was to find a method of forestalling those acts which are interfering with shipping in the Mediterranean. He said they were not proposing anything new but that during the present emergency it was necessary to take some steps which would secure respect for the rules and conventions already in existence. He hoped for a speedy success of the Conference which he thought would do much to clear the present grave political atmosphere.

2. Litvinoff⁵⁴ characterized the attacks on commercial shipping as "state piracy." Referring to the sinking of Russian ships he said that Russia must and will take its own measures. Recent events had not encouraged it to trust to measures taken by other states but it would take part in and lend its support to any international effort to deal with the problem. He suggested that the failure to invite Spain, which had suffered more than any other power, might still be remedied and condemned the failure of two states to accept invitations to participate.

3. Eden regretted the fact that two states had not been able to accept the invitation to be present and said that the Conference would no doubt wish to keep them informed in the hope that they might eventually associate themselves with any measures decided upon. He emphasized the necessity for the speedy conclusion of the definite task they had before them. The Conference then went into private session.

Report on private session follows.

BUCKNELL

852.00/6427 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 10, 1937—midnight.

[Received September 10—9:20 p. m.]

278. My 277, September 10, 11 p. m.

1. I learn from a delegate who was present that in the private session of the Mediterranean Conference this afternoon the following took place:

The British proposal to keep Germany and Italy informed was agreed to without discussion and the Russian suggestion that Spain be invited to attend was not brought up. The Franco-British plan for establishing patrol zones in the Mediterranean was accepted as a basis for discussion. Under this plan France and Great Britain would patrol the Mediterranean west of Malta. An adjoining zone east of Malta would be offered to Italy and the patrolling of the remainder of the eastern Mediterranean would be divided among the other powers attending the conference including Russia. No provision was made for the participation of Germany in the patrol.

The plan provides that shipping would be notified to keep within lanes which presumably will be defined by the naval experts present and all signatories would agree to exclude their submarines therefrom (except upon giving advance notice and remaining upon the surface). Effective action to protect shipping in these lanes from further illegal attacks is envisaged, but it appears to raise certain

⁵⁴ Maxim Litvinov, Soviet Commissar for Foreign Affairs.

legal difficulties which are being examined by experts. All decisions in the meeting were made subject to the approval of the respective governments. It was assumed throughout the discussions that Italy would participate in the patrol.

2. The same source states that the French and British Ambassadors in Berlin and Rome today (*a*) expressed the regret of their Governments that Germany and Italy were unable to attend the conference; (*b*) stated that the question was of such immediate importance that they could not delay in dealing with it, and (*c*) said that it was considered impracticable to deal with the present Mediterranean situation in the Non-Intervention Committee.

3. I learn from a press source that the French and British state that if Italy should refuse to participate, Britain and France will patrol the zone offered to Italy. The British are pushing the Conference in the hope of finishing on Monday.

BUCKNELL

852.00/6430 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 11, 1937—11 p. m.
[Received 11:30 p. m.]

281. My 278, September 10, midnight. At Mediterranean Conference at Nyon today the original Franco-British plan was abandoned but an agreement was reached which will be referred to the participating Governments, the agreement to be signed if possible on Monday or Tuesday. I learn from one of the delegates who was present that the agreement in broad outline comprises the following points.

Considering that violations of the provisions enunciated in part II [IV] of the Treaty of London of 1930⁵⁵ as confirmed by the London protocol of 1936⁵⁶ regarding the destruction of commercial vessels are contrary to the principles of elementary humanity and can only be described as acts of piracy and considering that such acts of piracy have been committed in the Mediterranean against vessels which do not belong to either of the parties to the Spanish conflict it was agreed that without in any way admitting the belligerent rights of either of the parties to the Spanish conflict, without prejudice to the rights of the participating powers to take such action as they may deem necessary to protect their own commerce and without prejudice to other collective measures against piracy are agreed upon by the participating powers.

1. The participating powers will give the necessary instructions to their naval forces to carry out the following provisions in order to protect ships of all nations not parties to the Spanish conflict.

⁵⁵ *Foreign Relations*, 1930, vol. I, pp. 107, 123.

⁵⁶ Department of State Treaty Information Bulletin No. 86, November 30, 1936, p. 35, or British Cmd. 5302.

2. Any submarine attacking any commercial vessel in contravention of the London Protocol of 1936 will be subject to attack and if possible will be destroyed.

3. The provisions of 2 above will also apply to a submarine found in the vicinity where non-Spanish vessel had been attacked or sunk if the submarine is discovered under circumstances which would indicate that it was the vessel guilty of the attack.

4. To carry out these provisions the following is agreed upon. The British and French fleets will patrol the Mediterranean west of Malta as well as the territories of the participating powers in this area. The patrol of the eastern Mediterranean will be left to the powers whose territories are affected. On the high seas as far as the Dardanelles, with the exception of the Adriatic, the British and French fleets will patrol according to a plan agreed upon by both Governments in zones where danger to navigation could be expected to arise. The participating governments other than the French and British agree to furnish such help as may be requested insofar as this may be possible. Furthermore, all participating governments will give permission to the French and British fleets to operate in their territorial waters and to use such of their ports as the power controlling these ports shall indicate.

5. Participating powers agree to limit the use of their submarines in the Mediterranean as follows.

(a) Except as set forth in paragraphs (b) and (c) below no submarines of participating powers will enter the Mediterranean.

(b) Submarines may enter the Mediterranean only after prior notification and if proceeding on the surface and if accompanied by a surface vessel.

(c) Each power reserves the right to hold maneuvers in the Mediterranean in certain defined zones.

Each power agrees to prevent the presence of foreign submarines in its territorial waters except in case of *force majeure*.

6. Except for coastal shipping, participating powers agree to recommend to their commercial ships that they follow routes in the Mediterranean agreed upon between the participating powers.

7. Nothing in the present accord will prevent any participating power from sending any of its submarine vessels in any part of the Mediterranean.

8. Any of the participating powers may withdraw from the agreement upon 30 days notice.

The revised and complete text will be available tomorrow morning and will be telegraphed to the Department unless I am otherwise instructed. The abandonment of the original Franco-British plan, including the establishment of patrol zone, is said to be due to the fact that the participating powers other than France and Britain did not have enough modern destroyers to maintain an adequate patrol and furthermore that the small states did not wish to take the risk of sinking an "unknown" submarine which might seriously involve them with a strong power. It is widely believed in Geneva that Italy

informed the British that she could not allow the establishment in the Mediterranean of the system originally proposed.

My informant states that Litvinoff wanted an agreement that any submarine attacking any ship would be sunk. He obtained no support, however, and Eden pointed out that there were different degrees of lawbreaking which called for different kinds of punishment. Litvinoff also violently opposed the provisions of the agreement which he considered as tantamount to the recognition of a state of belligerency in the Spanish conflict.

Throughout the meeting Delbos made it manifest that he did not intend to make any concession to the Russian point of view. Litvinoff plainly showed his dissatisfaction and emphasized that he must fully reserve his position until he had referred the aforesaid to his Government. That agreement is considered here as a severe defeat for Russia and it is believed that Russia will now join with Spain in strongly pushing their cases against Italy in the League.

In accordance with Eden's announcement at the opening of the Conference Italy and Germany have been informed of all developments and it is understood that Italy will be asked to adhere to the agreement.

BUCKNELL

852.00/6466 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 14, 1937—9 p. m.

[Received 10:25 p. m.]

295. The Mediterranean Conference held a meeting today at Nyon for the purpose of signing the agreement concluded on September 11.⁵⁷ With the exception of Albania all the states whose names were appended to the agreement as transmitted in my 282, September 12, 2 p. m.,⁵⁸ signed the agreement without any material changes. I learn that in fact Albania did not at any time participate in the Conference.

In a communiqué issued by the Conference to the press it is stated that the President informed the Conference that in conformity with the wish expressed by the states of the Balkan Entente and by Bulgaria, the British and French Governments have communicated the substance of the arrangement to the Italian Government requesting the latter to participate therein, that the definitive reply from Italy had not been received, and that it would be communicated to the members of the Conference as soon as it arrived.

⁵⁷ For text, see British Cmd. 5568, Treaty Series No. 38 (1937) : *International Agreement for Collective Measures Against Piratical Attacks in the Mediterranean by Submarines* [With Map], Nyon, September 14, 1937.

⁵⁸ Not printed.

It was decided that the President should convoke the Conference at Geneva for the pursuance of its work subsequent to the signing of the agreement.

At the moment of the signing Delbos emphasized the moral and practical effects of this example of international solidarity in the face of a grave situation. He stated that having settled the more serious problem of attacks by submarines, the Conference would deal at Geneva with the other forms of aggression in the Mediterranean.

It is variously reported here that: (a) Italy in replying to the invitation to participate accepted "in principle" but claimed an equal share in the patrolling; (b) the Italian reaction to the results at Nyon was definitely "unfavorable"; and finally (c) in order to soothe Italian susceptibilities the Conference at Nyon might be continued in the London Non-Intervention Committee.

I am informed that the annexes mentioned in the text of the agreement already telegraphed to the Department define (a) the routes to be followed by commercial shipping in the Mediterranean and (b) zones in which the powers may hold exercises for their submarines. A delegate who was present today informed me that he would give me privately these annexes as soon as a final revision had been made.

BUCKNELL

852.00/6467 : Telegram

The Chargé in Italy (Reed) to the Secretary of State

ROME, September 15, 1937—11 a.m.
[Received September 15—7:54 a. m.]

411. Embassy's telegram 409, September 14, 1 p. m.⁵⁹ Italian note concerning the Anglo-French proposal for naval surveillance in the Mediterranean was handed to the British and French Chargés d'Affaires last night. According to the official communiqué published this morning, the note states that because the proposal allots only the Tyrrhenian Sea to Italy, the remainder of the Mediterranean being under the control of the British and French fleets, it is unacceptable to Italy whose vital interests require that it have conditions of absolute parity with any other power in any zone whatsoever of the Mediterranean. The communiqué adds that the note was sent after agreement with the German Government.

While the note is brief and makes no alternative suggestion of any method of dealing with the problem, the impression is obtained here that its terms are intended to leave a way open for subsequent discussions at the London Non-Intervention Committee provided they would envisage a wider zone for Italian control. Since Italian prestige is

⁵⁹ Not printed.

now directly involved it also seems clear that any further effort to delegate police powers to other fleets in the Mediterranean without Italian participation would be deeply resented.

All newspaper comment stresses the importance of Italy's position in the Mediterranean and the impossibility of accepting any proposals incompatible with its prestige in this area.

REED

852.00/6483 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 17, 1937—11 p. m.
[Received September 17—10:40 p. m.]

309. I have received in confidence tonight the text of an additional agreement which was signed this evening by all nine signatories of the original Nyon agreement. The following is the Consulate's translation of the French text:

[For text of agreement which is here omitted, see British Cmd. 5569, Treaty Series No. 39 (1937): *International Agreement for Collective Measures Against Piratical Acts in the Mediterranean by Surface Vessels and Aircraft (Supplementary to the Nyon Arrangement)*, Geneva, September 17, 1937.]

A delegate to this Conference informed me during a discussion of the agreement this morning Greece proposed the inclusion of a provision that if an attacking surface vessel showed her flag while attacking a merchantman this attack would not be considered an act of piracy and that there would therefore be no obligation to intervene. It is understood that the Greek position was motivated by the fear that a Greek ship might be faced with the necessity of intervening against an Italian attack. This position was firmly opposed and no provision or reservation of this kind was permitted. The Greek position, however, was partially met in article 3 by limiting the specific obligations under the agreement to the high seas.

The delegate said that in his opinion the Greek position resulted from Italian pressure. He informed me that the publication of this agreement would be delayed until noon tomorrow to allow sufficient time to communicate the terms to Italy.

In this connection he expressed the personal opinion that Italy would not adhere to these agreements unless substantially modified and that he understood that Italy is asking for an extension of her zones at least to extend from Pantelleria to the Straits of Bonifacio in such a manner as to safeguard Italian naval bases from foreign interference.

He explained that in his view Italy is now placed in the position of having to "take it or leave it," and, if she should decline to par-

ticipate, the present agreements would be tantamount to a reconstitution of the mutual assistance agreements concluded 1936 by Great Britain with certain Mediterranean powers but with the added force that in this instance France participated without reservations.

He said that this agreement does not modify in any way the original agreement regarding submarines and that the charts included in the annexes to the original agreement would probably be published tomorrow.

BUCKNELL

852.00/6488 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, September 18, 1937—6 p. m.

[Received September 18—3:35 p. m.]

1312. We were told at the Foreign Office today that the decision to withdraw French and British warships from the control on the coasts of Nationalist Spain⁶⁰ in no way affects the continuing obligations of non-intervention in Spain assumed by the various powers. Neutral observers will continue to be carried by the merchant vessels of the states parties to the Non-Intervention Agreement and the control exercised by the French authorities on the Pyrenean frontier will be maintained as heretofore.

It was explained that a technical subcommittee of the Non-Intervention Committee had presented a report at the end of August on the functioning of the control scheme⁶¹ in which it was pointed out that the naval patrol on the Spanish coasts had not proved of value and that control might be improved through increasing the power of observers at ports exporting to Spain. In view of this; of the fact that Italy and Germany had already withdrawn from the patrol and in particular since France and Britain would find it difficult to provide sufficient destroyers to maintain both the control off Spain and the patrol over sea routes in the Mediterranean in accordance with the Nyon Arrangement the French and British Governments had decided to withdraw their ships from the Spanish coasts. The net result was that Franco's coasts would no longer be controlled by French and British war vessels.

The Foreign Office stated that in furnishing to the Italian and German Governments the text of the supplementary arrangement signed yesterday relating to attacks by airplanes and surface warships and in asking for observations a further invitation, in effect, was being given to Italy to discuss the exact terms on which she would be prepared to come into the Nyon accord.

⁶⁰ Announced on September 17.

⁶¹ Report made by Vice Admiral van Dulm and Francis Hemming, Chairman and Secretary, respectively, of the Non-Intervention Board; this report was submitted to the Non-Intervention Subcommittee on August 27, 1937.

The Naval Attaché advises that France has detailed 19 destroyers to the anti-piracy patrol, 1 aircraft tender, 1 squadron of 6 scouting planes, 1 squadron of 6 bombing planes, 10 large and several small reconnaissance planes.

Copies by mail to London, Rome, Berlin, and Geneva.

BULLITT

852.00/6526 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, September 22, 1937—5 p. m.

[Received September 22—2:15 p. m.]

1331. The Foreign Office is gratified at Italy's willingness to send a naval officer here to discuss with French and British experts the modification of the Nyon arrangement so as to permit Italy to participate. They hope that these discussions may begin at an early date perhaps the first part of next week.

The basis for modifying the arrangement is found in paragraph 4, subparagraph 3, which contemplates revision of the zones and their allocation in the event of any change in the situation. Any agreement reached with Italy will have to be approved by all the signatories of the Nyon arrangement. The Foreign Office remarked that it was still possible that difficulties would be encountered but they were hopeful of overcoming them "if the present good spirit continues".

Copies to London, Rome, Geneva.

BULLITT

852.00/6530 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, September 23, 1937—7 p. m.

[Received September 23—3:20 p. m.]

605. My 599, September 18, 3 p. m.⁶²

1. The navy talks to take place between the French and Italian representatives in Paris next week are viewed by the Foreign Office with satisfaction. A high official in conversation this afternoon said that the fact that the talks were to take place between naval experts without political representatives of the countries was in his opinion a good omen. He said that the Italian demand for parity as a condition of accession to the patrol scheme would never have offered any serious difficulties to the British and the French as they had no desire to deny this parity. The attempt of the Italian press to regard the British and French concession of parity to Italy as a victory for Italy

⁶² Not printed.

is regarded with amusement. As a matter of fact it has been made sufficiently clear that the piracy conditions in the Mediterranean had become a menace to British and French security; that the British and French therefore were resolved to abate the intolerable nuisance; Mussolini thus confronted with a genuine manifestation of Anglo-French determination has been realistic enough to accept the inevitable. In reaching this conclusion he has probably been encouraged by Germany, as the Foreign Office official again reiterated their opinion that Germany did not wish to become any further involved in Spain nor to increase her liabilities at the present time in the Mediterranean.

2. The Foreign Office official in commenting on the talks yesterday between Monsieur Delbos and Signor Bova-Scoppa, the Italian permanent delegate to the League, said he thought they were all to the good and particularly if they served to disabuse the French mind of what has been almost "terror" in recent weeks, of possible large Italian reinforcements of troops in Spain. The Foreign Office, my informant stated, had made its own inquiries about this matter and had been unable to find satisfactory evidence that Mussolini was planning to send any large reinforcements to Spain.

3. The official expressed his regret that no one during the meeting of the League Assembly had had the courage to tackle the question of Abyssinia. This merely means the postponement of an operation that in his opinion is inevitable and would be much better accomplished now.

4. The official referred again to his conversation with me reported in my 599 of September 18, and said that the Italian decision to attend the naval meeting in Paris and her new outlook on the Nyon Agreement is further evidence to him of the mistake that was made in not having Mussolini in as an equal partner with France and Great Britain on the original undertaking. What has brought Mussolini to heel now is not persuasion or concession but the realization that his hand has been successfully called. His realization of Anglo-French determination would not have been any the less if he had been invited in the beginning to join them as a partner.

JOHNSON

852.00/6545 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

[Extract]

PARIS, September 24, 1937—1 p. m.

[Received 5:45 p. m.]

1339. Yesterday I discussed with Léger (who in the absence of Delbos is in charge at the Ministry for Foreign Affairs) the development

of the Nyon Agreement and Delbos' conversations with Italian representatives in Geneva. Léger said that he was far from optimistic. The Italians in Geneva had been profuse in their statements to Delbos that Italy desired to restore good relations with France and had no intention whatsoever of retaining control of the Balearic Islands or other portions of Spanish territory. They desired merely to assist Franco to crush Bolshevism in Spain and would then withdraw. They desired to participate as equals in the patrol of the Mediterranean.

Léger said that while these statements were being made to Delbos the French Government had received positive information from its consuls and other agents in Italy that the Italian Government had prepared very large forces in Italian ports for an expedition to Spanish territory. There were 20,000 men in one port, 20,000 in another, 10,000 in another and so on, with sufficient transports waiting to carry the troops to Spain. The French Government had communicated this information yesterday to the British Government and had received the reply today that the British Government had received precisely the same information. In addition Delbos was convinced that the Italians had sent large reinforcements to Spain during the past 10 days. He, Léger, was not convinced that this was so; but the proofs were absolute that everything had been prepared for the immediate shipment of a large new Italian expeditionary force to Spain (Daladier, Minister of War, said to me this evening that the French Army had specific information that the number of Italian troops ready to embark for Spain was 70,000).

Léger went on to say that he believed that Mussolini's policy at the moment was the following: He desired to appear conciliatory toward France before going to visit Hitler in Germany. He also hoped that France might be ready to accept his "ideological crusade" in Spain, if he should promise to get out of the Balearic Islands and other Spanish territory. Léger expressed the opinion that such a promise would be valueless.

Léger said that he had advised Delbos and Chautemps to ask the British at once to join France in making the strongest sort of a *démarche* in Rome in order to prevent Mussolini from sending the troops now ready to Spain. He said that he felt certain the French Government would propose this action and he believed that Eden would be in favor of it; but he feared that Chamberlain might veto the suggestion.

Léger went on to say that if Italy should send the troops now ready to Spain, France would be compelled either to open the Spanish frontier and ship munitions, airplanes, et cetera, to the Valencia Government or to take some definite military action in the Balearic Islands. He himself believed and had advised Chautemps and Delbos that a joint French-British occupation of Minorca would be less dangerous

in its ultimate consequences than the opening of the French-Spanish frontier which would lead to military competition in Spain between France and Italy.

Léger went on to say that under the circumstances it was very difficult for France and England to take seriously the Italian offer to come into the Nyon Agreement. In any case the French and British Governments had decided that no portion of the said steamer route between Port Said and Gibraltar should be placed under control of Italian ships. The French and the British would be glad to give the Italians as broad a band as they might desire to the north of that route but would not allow Italy to place her patrol ships any place on that route. He was not certain therefore that in the end Mussolini would come into the Nyon Agreement.

BULLITT

852.00/6547 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, September 25, 1937—4 p. m.
[Received September 25—11:05 a. m.]

612. My 605, September 23, 7 p. m. When I saw Cadogan⁶³ today he mentioned the fact as reported in the press today that the British Chargé d'Affaires in Rome has been instructed to tell the Italian Foreign Office that the British Government has been fully informed of the conversations at Geneva between Monsieur Delbos and Signor Bova-Scoppa, and to explain that the British Government was in full agreement with the proposal made by Delbos that steps must be taken by means of tripartite discussions between the British, French and Italian Governments, to deal with the problem of foreign intervention in Spain. Foreign Office hopes that a helpful step may have been taken toward the solution of the Spanish problem.

JOHNSON

852.00/6613

Memorandum by the Chief of the Division of European Affairs (Moffat)

[WASHINGTON,] September 29, 1937.

The Italian Ambassador called this morning on his return from leave. He said he found conditions in Europe much more normal than one would gather from the American Press, which constantly dramatizes the threat of war. As a matter of fact, although Spain is a source

⁶³ Sir Alexander Cadogan, British Deputy Under Secretary of State for Foreign Affairs.

of concern, nobody wants to fight over Spain, neither Italy, nor Germany, nor France, nor Russia. He reiterated that Italy's sole interest in Spain was to keep Bolshevism away from the Mediterranean and that any reports that she wanted to keep the Balearic Islands or gain a foothold on the Peninsula were inaccurate and misleading. He said that although the attitude of the French Government had been correct an immense commerce in arms, munitions and airplanes had been going on between Valencia and France. At the outbreak of the hostilities Valencia had only one hundred planes. To date four hundred Loyalist planes have been shot down and they still have a large number actually flying. All these have been brought in from abroad.

Italy, however, was pretty well satisfied that Franco was now winning. He thought it would take another few weeks to finish the northern campaign, capture Gijon and clear up the Oviedo region. After that Franco would have about 100,000 fresh troops to throw into the line either at Madrid or near Valencia, and Italy was calculating that this would suffice to end Loyalist resistance.

PIERREPONT MOFFAT

852.00/6579 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, September 30, 1937—7 p. m.
[Received September 30—4:32 p. m.]

623. My 612, September 25, 4 p. m. The Cabinet has approved provisionally a draft of a joint communication by Great Britain and France to Italy which has been under elaboration for the past several days. It is understood the note will propose three-power talks on means for making effective non-intervention in Spain and that it will tackle the all-important problem of withdrawal of the foreign forces now in that country.

I gather from conversations during the last 2 days with responsible officials that they view the problem plainly in its immediate aspect as an Anglo-Italian issue with France and Germany as figures. Mussolini wants a *rapprochement* with England and at the same time hopes that he can gather enough support to have it on his own terms. The conclusion of the Nyon Agreement, however, with its demonstration that Great Britain and France meant business on the vitally important issue of law and security in the Mediterranean has somewhat shaken his confidence; and his visit to Hitler has not, it is believed, offered him anything in the way of encouragement toward enlarging the scope of his activities in Spain. Whether he will accept the Anglo-French *démarche* is of course not known, but even if he does, it would be bold, in the view here, to argue optimistically that

any very forward step had been taken toward a real Anglo-Italian *rapprochement*. The Foreign Office views with extreme regret that the question of recognizing the *fait accompli* in Abyssinia has not been settled at Geneva. It has been made plain to me that the Foreign Office is willing to recognize the Italian conquest as a *fait accompli* but obviously the question of a formula for putting this recognition into effect offers real difficulties. Great Britain cannot disassociate herself easily from the League on such a matter and Mussolini is thought to hold the entirely erroneous belief that Great Britain is trying to block recognition of the Italian conquest. He is suspicious of British sincerity and it seems that he does not fully understand that the thing vital to this country on which it will not recede is absolute security of the sea route through the Mediterranean. Just why the British are not willing themselves to take the initiative at Geneva on this question, in view of their realistic conception of the facts, is not clear, although they may perhaps consider that Mussolini would, in his present aggrieved and truculent state of mind, take it as an indication of British weakness, thus making negotiation with him difficult on more important and pressing issues.

JOHNSON

852.00/6580 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, September 30, 1937—8 p. m.
[Received September 30—5 : 44 p. m.]

1368. The French, British and Italian naval experts signed an agreement this morning modifying the patrol zones in the Mediterranean as established under the Nyon accords. This agreement has been signed *ad referendum* and must be approved by the three Governments and also submitted for approval to the other signatories of the Nyon accords. The French and British Governments, however, have been kept fully informed of the negotiations and approve of the agreement and Delbos in Geneva has been sounding out the representatives of the other signatory powers in order to attempt to avoid putting anything into the agreement which would be refused by any of them. Mussolini, due to his absence in Germany, has probably not been kept so fully informed and therefore the adherence of the Italian Government is not so certain as that of the French and British. We are told from British and French sources that the Italian delegation cooperated well in the discussions.

The meetings were attended only by technical experts, nobody from the Foreign Office or the British or Italian Embassies being present.

The agreement according to the communiqué from the Ministry of Marine was supposed to have been signed yesterday. There are

rumors that the postponement was due to an intervention by the Soviets or to difficulties raised by the Italians. As far as I have been able to ascertain these rumors are unfounded and the delay was caused by the necessity of getting in touch with Delbos in Geneva late yesterday.

While information is not yet available as to the text of the agreement we understand on reliable authority that the Italians are given patrol duty in the Adriatic and Tyrrhenian and also an area off the coasts of Sicily and Sardinia.

Copies to London and Rome.

WILSON

125.199/41 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, October 1, 1937—1 p. m.

[Received October 1—12:45 p. m.]

371. The insurgent representative here telephones Chapman⁶⁴ instructions from Salamanca that he should write a letter addressed to the Chief of Diplomatic Cabinet⁶⁵ there requesting permission formally and in writing to reopen the Consulate at Bilbao. This would be a semi-recognition and apparently is in accordance with a new policy. I am informed by Sangroniz's secretary that demands are being made on Britain that Franco be permitted officially to send his own Consuls into British territory and that Salamanca believes Britain will agree. He said Chilton would lunch with Sangroniz last Monday at San Sebastian and that the authorization would then be carried out. The press reports that Chilton did submit some propositions of a commercial nature but no mention is made of any consular arrangement. Chapman will not send written request addressed according to arrangement. My suggestion is that rather than engage in a possible controversy nothing more be attempted toward opening Bilbao Consulate at this time and that it be left in charge of the custodian.⁶⁶ It seems not improbable that were we even to discuss the matter Salamanca would make the same demand made of the British that Franco be permitted to send us Consuls to the United States.

BOWERS

⁶⁴ William E. Chapman, Consul at Bilbao, then in France.

⁶⁵ J. A. de Sangroniz.

⁶⁶ By telegram No. 339, October 2, 4 p. m., the Secretary of State instructed the Ambassador to take no further action in reopening the Consulate at Bilbao (125.199/41a).

852.00/6672

Memorandum by the Under Secretary of State (Welles)

[WASHINGTON,] October 2, 1937.

The Spanish Ambassador called to see me this morning. He told me that he had no specific representations to make nor any official inquiry to propound but that he had called merely to greet me upon my return from my vacation and to inquire what my impressions might be with regard to the European situation in general.

I told the Ambassador that my trip to Europe had been in the nature of a vacation and that while I had had the opportunity of meeting and talking with certain members of the European governments, I was not in a position to give him any information or any impressions beyond those of a very general and personal character. I said that on the whole it appeared to me that the prospects for the maintenance of peace in Europe seemed somewhat more encouraging than they had three or four weeks before, but that, of course, recent developments since my return to Washington were of great importance and that it could not be denied that the present moment was again exceedingly critical.

The Ambassador then launched into a long discussion on conditions in Spain and on the policy adopted by the Great Powers of Europe. He stated that the control by the insurgents of the Atlantic ports of Spain and in particular of the Spanish Coast on the Bay of Biscay was a direct threat to British naval supremacy. He said that the control by the Franco Government of Bilbao and Santander placed those two ports now directly at the disposal of Germany for use as submarine bases and that the munitions factories in that region were staffed by German technical experts and were turning out munitions in ever-increasing amounts. In Spanish Morocco Ceuta was to all intents and purposes a German garrison and the aviation field in Spanish Morocco was likewise a source of immediate danger to the British and French navies. He insisted that under these conditions England and France would have to present an ultimatum to the Italian Government first and subsequently to Germany providing for the immediate withdrawal of the "volunteers" of those two nations in Spain or else admit their own military inferiority.

I inquired whether he thought that the Italian Government would agree to this step unless the two Governments in question agreed simultaneously to guarantee the withdrawal of all foreigners fighting on the Loyalist side. The Ambassador replied that as a Spaniard he did not know really which would be the best solution for Spain since if all assistance from France and Russia were cut off from Spain the present preponderance in munitions on the part of the Franco Government might jeopardize the existence of the Valencia

Government, but that on the other hand, if Italian troops—and, he insists, German troops as well—were permitted to continue pouring into Spain, the Valencia Government could not cope with the situation unless similar reinforcements in men entered Spain from France.

The Ambassador referred to the reports published today that Germany and Italy were considering a joint aviation attack on Madrid. He said that these reports had originated apparently in London and wondered whether it was not a British maneuver to try and excite British public opinion so as to obtain increasing support from the British public for firmer action on the part of the British Government against Italy.

S[UMNER] W[ELLES]

852.00/6630 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, October 5, 1937—8 p. m.

[Received October 5—6 p. m.]

1394. This morning at the Foreign Office I was shown a copy of the note delivered by the British Ambassador and the French Chargé d'Affaires at Rome to the Italian Government on October 2nd.⁶⁷ The note is courteous and conciliatory. It begins by expressing gratification at Italy's participating in the Nyon arrangement for patrolling the Mediterranean and expresses the hope that this may lead to further helpful cooperation in dealing with the Spanish situation.

The note recalls the assurance given by Ciano to the British Ambassador that Italy would lend no further assistance in the Spanish struggle and the assurance given by Bova-Scoppa to Delbos at Geneva that Italy had no designs on any part of Spanish territory. The note refers to the interest of the British and French Governments in maintaining the policy of non-intervention and expresses the hope that in order to make this policy really effective it may be possible to make progress in the matter of withdrawing foreigners aiding both sides in Spain. While recognizing that this question of withdrawal of foreigners has been treated by the Non-Intervention Committee in London, the view is expressed that at the present stage the chances of progress would be increased if there could be a "conversation" between the three powers dealing with the whole Spanish question. The note closes by stating that if substantial progress could be made in withdrawing foreigners from Spain then the question of granting limited belligerent rights could be taken up.

At one point in the note there is something of a veiled menace in the statement to the effect that, unless an advance can be realized in

⁶⁷ For text, see British Cmd. 5570, Spain No. 3 (1937) : *Correspondence With the Italian Government Regarding the Withdrawal of Foreign Volunteers from Spain, October 2-9, 1937.*

making non-intervention effective, public opinion in the two countries will hardly permit the maintenance of the present situation.

Rochat,⁶⁸ who showed me the note, said that the French Chargé d'Affaires had reported that when it was first delivered to Ciano the latter's attitude appeared to be unfavorable. Later, however, after Ciano had telephoned to Mussolini he spoke to the Minister for Foreign Affairs and seemed to have a more favorable attitude. Rochat says that there is no indication of when the Italian reply may be expected or of what it may contain although the press reaction in Rome indicates that the Italian Government may suggest that the question of withdrawing foreigners should be treated in the Non-Intervention Committee.

I remarked that in the last few weeks there had seemed to be a stiffening of the Franco-British attitude vis-à-vis Italy in the Spanish and Mediterranean questions. Rochat said that this was true and that it could not be otherwise. He said that without in any way looking at things tragically a stage was now being reached in which before much longer some important decisions would have to be taken. The French Government knows for a fact that in Majorca and Minorca the Italians have taken firm possession and established submarine bases. This constant threat to French and British communications in the Mediterranean must be removed.

I asked whether he thought that Mussolini could possibly agree to withdrawing Italian troops from Spain. He said that he thought Mussolini could more easily agree to withdrawing Italian troops from Spain than the French and British could agree to let them stay there. He said that it was not a question of possible victory by Franco which disturbed the French: the French want the Spanish struggle to be fought out among the Spaniards alone and if Franco wins there is no reason why the French Government could not come to an arrangement with him under which French interests would be safeguarded. But if Italian forces continue to occupy the Balearics, that would be a situation which the French Government could not tolerate. At the moment the way was now open, with the proposal regarding the recognition of limited belligerent rights, so that Mussolini could agree to a withdrawal of forces without losing face. He said that the French and British Governments would not be over-exacting regarding the withdrawal of forces: if a start were made by taking Italian troops out of the Balearics that would be an indication of good faith.

I asked what the next step would be in case the Italians refused the proposal now made to them. He said that he could see nothing else but opening the frontier on the Pyrenees; public opinion here in France would demand it. I asked how the British Government stood

⁶⁸ Charles-Antoine Rochat, Chef de Cabinet, French Ministry for Foreign Affairs, and sub-Director for American Affairs.

on this question. He said that they were firmly with the French Government in the view that if Mussolini now refuses to make any concession in the matter of withdrawal of Italian troops from Spain there will be nothing left for the French to do except to open the frontier.
Copies London.

WILSON

865.00/1747 : Telegram

The Chargé in Italy (Reed) to the Secretary of State

ROME, October 6, 1937—4 p. m.

[Received October 6—2:24 p. m.]

432. Postponement of meeting of Fascist Grand Council scheduled for tonight, an action which I understand is almost unprecedented, is provoking a good deal of speculation concerning reason for Mussolini's continued absence from Rome. One explanation which seems to be officially inspired is his need for quiet atmosphere in which to consider reply to be made to Franco-British invitation to consult on non-intervention in Spain. I learn, however, that Ciano stated to a press correspondent last Monday that a decision had already been reached regarding general terms of Italy's reply which it was expected would be delivered tomorrow and which would contain suggestion that whole matter be referred to the London Non-Intervention Committee. Consequently it seems improbable that this is the real reason for the Duce's sojourn at Rocca delle Caminate.

A more likely explanation barring possible illness is that Mussolini is communing with himself in regard to the future of his venture in Spain. If it be true that in his recent conversations with Hitler the latter gave him no encouragement to believe that Germany would lend further active support to Italy's policy and aims in the Mediterranean the Duce in view of apparent stiffening of Franco-British attitude is confronted with the necessity of making a very serious decision. He must determine not only whether Italy alone shall continue present assistance to Franco but also whether additional aid is to be furnished. In this connection I have been informed by a fairly reliable source that Teruzzi, commanding the Fascist forces serving in Franco's army, returned to Italy recently and told the Duce that an additional army corps was needed immediately to ensure a Nationalist victory.

REED

852.00/6702

Memorandum by the Assistant Secretary of State (Wilson) to the Secretary of State

WASHINGTON, October 8, 1937.

The Spanish Ambassador called this afternoon and, finding you in the Cabinet Meeting, asked to see me. He presented the attached memorandum,⁶⁹ with its enclosure,⁷⁰ and begged that it be brought to your attention at the earliest moment.

The Ambassador told me that, in addition to the information supplied, the Spanish Government had well authenticated reports of the strengthening of Italian forces at Majorca, the strategic position of which rendered it extraordinarily dangerous for Europe.

In fact, the Ambassador believed that the next few days were full of tragic possibilities for Europe. It appeared that Italy was about to reject the French-British offer and, in view of information respecting the landing of Italian troops in Cadiz and Italian air reinforcements in Majorca, he thought the French Government would be constrained to speak firmly.

The Ambassador asked me if I had any conception as to whether the Cabinet this afternoon was considering this hazardous European situation. I replied that I had no idea. He asked whether, if an extension of hostilities broke out in Europe, this Government would act rapidly along the lines of the President's speech.⁷¹ I replied that nobody could give him an answer to such a question, which could only be met when the circumstances were known.

HUGH R. WILSON

852.00/6702

The Spanish Ambassador (De los Rios) to the Secretary of State

No. 137/02

MEMORANDUM

The Ambassador of Spain has the honor to inform His Excellency the Secretary of State of the following:

In the name of his Government he has the honor to communicate His Excellency that while the reply from the Italian Government to the request made to it by the Governments of Great Britain and France regarding the evacuation of military forces, which the former

⁶⁹ *Infra.*

⁷⁰ Not printed.

⁷¹ October 5, 1937, at Chicago; Department of State, *Press Releases*, October 9, 1937, p. 275.

had irregularly sent into Spain, was in tramitation [*transmission*], 15,000 more Italians have landed at Cádiz to join the Rebel forces.

The Government of Spain leaves to the consideration of His Excellency the moral and juridical judgment of such unusual procedure.

WASHINGTON, October 8, 1937.

852.00/6671

The Secretary of State to the Ambassador in Spain (Bowers), Then in France

WASHINGTON, October 8, 1937.

MY DEAR MR. AMBASSADOR: I have your letter of September 7, and have read with a great deal of interest the document signed by Señor Aguirre, President of the Basque Government,^{71a} setting forth the terms of the capitulation agreed upon between the Basque authorities and the command of the Italian forces on the Santander front. I have also read with sympathetic interest the letter addressed to the President by Señor Aguirre,⁷² requesting the President to obtain the fulfillment of the terms of this capitulation.

As you know, we have been particularly careful in the observance of our policy of non-interference in the internal affairs of another country throughout the course of the present unfortunate conflict in Spain. In accordance with this policy we have refrained from participation in the activities of the Non-intervention Committee at London, and we have declined to join in various proposals that have been made from time to time for joint action with a view to mediation, or to participate in any other form of diplomatic intervention in that conflict.

I feel, therefore, that the best procedure would be, as you suggest in your letter, to inform Señor Aguirre informally that we have given sympathetic consideration to his request, but in view of our well-known policy of non-interference in the Spanish conflict the President cannot undertake to comply therewith.

Sincerely yours,

CORDELL HULL

852.00/6651 : Telegram

The Chargé in Italy (Reed) to the Secretary of State

ROME, October 10, 1937—11 a. m.

[Received October 10—8:44 a. m.]

440. My No. 439, October 9, 7 p. m.^{71a} Italy's reply published this morning politely rejects invitation to participate in tripartite discussion of non-intervention of Spain, expressing opinion that such dis-

^{71a} Not printed.

⁷² *Ante*, p. 388.

cussion would, in the present circumstances, result not in decreasing but in increasing the possibilities of misunderstandings and complications and consequently in delaying instead of hastening a general agreement. The Fascist Government therefore considers it advisable to continue to handle the question of non-intervention in the London Committee. In conclusion the note states that the Fascist Government will not in any event participate in conversations, meetings or conferences to which the German Government is not also formally invited and in which that Government does not participate.

REED

852.00/6661 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, October 11, 1937—5 p. m.

[Received 6:05 p. m.]

1424. I was told at the Foreign Office this morning that their impression of the Italian reply is distinctly unfavorable. They had, of course, expected that the note would be evasive and unsatisfactory but they had not expected that it would be so definitely negative. For instance, they attach particular importance to the phrase towards the end of the note in which the Italian Government declines even "preliminary" conversations outside the London Committee. It had been the hope of the French Government that if the Italian Government declined a triangular conference or conversation at least it would be possible to have a rapid exchange of views by diplomatic channels between the three Governments which would enable them to come to some sort of an understanding among themselves before engaging in discussion in the London Committee. This possibility the Foreign Office feels has now been ruled out by the terms of the Italian reply.

I remarked that things seemed to be back where they were when the British presented their plan to the London Committee last July, namely, that progress seemed to hinge upon whether withdrawal of volunteers should take place prior to the granting of limited belligerent rights or whether the procedure should be the other way around. The official with whom I was speaking said that this was about the case. He added that as was stated in the Franco-British note of October 2 the two Governments were prepared to discuss the recognition of belligerent rights once the withdrawal of volunteers had been effected. He said that the difficulty is that the recognition of belligerent rights is granted by a simple decision of the governments and takes effect immediately while the withdrawal of volunteers is a far more complicated matter; delay in actually withdrawing would nullify the value of any agreement to withdraw.

My informant said that the French Ministers were meeting this afternoon with the Minister of National Defense to consider the situation and reach a decision as to the course to follow. The one thing which they were all keeping in mind was the necessity of acting in complete agreement with the British Government. As the British Foreign Office was closed over the week end and Eden was still at Balmoral, it had been impossible to obtain any indication of the British viewpoint. The decision reached by the French Government as to the course it feels advisable to follow will be communicated to the British either tonight or tomorrow and the French views will be considered at the meeting of the British Cabinet on Wednesday. By the end of the week, therefore, the two Governments should have reached agreement on a common course of action.

The views of the French Ministers are running along the line of possible opening of the frontier or at least permitting transit of shipments to Spain over French territory. In this regard the Foreign Office is keeping two ideas very much in mind: First, that if such action is taken it must be with the full approval and support of Great Britain and be not an unilateral act by France alone but a Franco-British act; and second, the reaction which such a move might cause in Italy. Regarding this latter point the French Government has been advised by the Valencia Government that the problem of servicing and supplying an expeditionary force of 60,000 men in Spain is already requiring a maximum effort on the part of the Italian Government and that it is not likely Italy would be in a position to retaliate against opening the French frontier by sending additional troops in important numbers to Spain. It was also the view of the Valencia Government that opening the frontier would have a beneficial effect on Franco.

My informant said that it was possible a decision might be reached to "suspend" the application of the Non-Intervention Agreement temporarily pending the adoption of measures by all concerned to render it really effective.

I inquired whether Labonne, Assistant Director of Political and Commercial Affairs at the Foreign Office who has just been appointed Ambassador to Spain, would go to his post soon. My informant said that he would proceed soon and that he would go to Valencia and not to St. Jean de Luz where his predecessor, Herbette, has been residing. He said that the French Government realized that this appointment at the present moment and the fact that Labonne was going to Valencia might appear "to engage the responsibility" of the French Government further in the Spanish problem but he said that Germany and Italy had Ambassadors at Burgos and why after all should not France have its Ambassador at Valencia? He said that it had become impossible for the French Government to

continue longer to sit back and allow the Italians to have their own way completely in Spain. The French and British Governments either had to adopt a firmer attitude in the protection of their own interests or else "abdicate".

Copies to London, Rome.

WILSON

701.5152/22 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, October 12, 1937—midnight.

[Received October 12—5:25 p. m.]

798. Giral informed me today that it has been definitely decided that Monsieur Labonne, the new French Ambassador, will reside at Valencia (or Barcelona should the Government remove to that place). He stated that it would be the cause of great satisfaction to the Spanish Government if other diplomatic representatives accredited before it should do likewise and that this would be especially true of Ambassador Bowers.

Repeated to Ambassador and Paris.

THURSTON

125.199/43 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, October 13, 1937—3 p. m.

[Received October 13—12:35 p. m.]

380. Your telegram No. B-340 October 4, 6 p. m.⁷³ Repeated efforts to send Chapman have failed because military authorities at Irun in absence of permission from Salamanca politely refuse. Yrujo here much embarrassed, has made every effort.

The attempt now being made to have us send a written request addressed to Salamanca as a recognized government is all the more persistent since the British and most others constantly treat with Salamanca on that basis. The secretary of Sangroniz told a friend of mine that Salamanca does not have a single paper from us recognizing its existence and implying they might be satisfied were I to write a personal note to Sangroniz thanking Franco for commutation of sentence of Dahl.⁷⁴ I suggest that unless we wish to send a written request we discontinue our efforts to send Chapman in.

⁷³ Not printed; it authorized Chapman to proceed to Vitoria via Bilbao to investigate a citizenship case (352.1121 Zabala, Mariano/13).

⁷⁴ See telegram of October 8, 2 p. m., from the Consul at Vigo, p. 552.

Or you may wish to reconsider Chapman's suggestion in his telegram of September 24, 1 p. m.⁷⁵

The insurgent representatives here stoutly protest against the suggestion that they are discriminating against us by saying the others communicate officially with Salamanca.

We are merely paying the penalty of an honest neutrality and observation of international usage before the collapse of international law. This new policy probably grows out of the demand that Franco be permitted to send his Consuls to any country which is permitted to reopen its Consulates in Franco territory.

BOWERS

852.00/6675 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, October 13, 1937—8 p. m.
[Received October 13—4:12 p. m.]

646. I was informed late this afternoon by high officials of the Foreign Office that the Cabinet today approved in general the French suggestions arising from the Italian refusal to attend a three-power discussion of intervention in Spain. Specific approval was given to meeting the Italian suggestion for returning the question to the Non-Intervention Committee. I understand the British idea is that in informing the Italian Government of this decision they will, without presenting an ultimatum, make it perfectly clear that there must be no delay and that if the matter is referred to the Non-Intervention Committee there must be quick action. I was not told exactly what the French suggestions had been but was given to understand that the British have not agreed in every detail. There will be no question of British approval being given to opening of the Franco-Spanish frontier pending the results of the deliberations and action of the Non-Intervention Committee. The situation as the Foreign Office pointed out is really back where it was in July when the British proposals reported in my 469, July 14, 1 p. m. and 520 July 31, 2 p. m. produced a deadlock in the Non-Intervention Committee caused, so it was stated, primarily by the Russian stand against any recognition of the belligerency of Franco. This deadlock will continue unless the Russians modify their stand. The British are counting on the French to bring sufficient pressure to bear to obviate this difficulty.

I gather that the British consider the vanity of Mussolini and his fear of losing prestige a very material factor in the present situation.

⁷⁵ Not printed; it suggested that the custodian at Bilbao be instructed to investigate the citizenship case (352.1121 Zabala, Mariano/7).

They are therefore anxious to avoid any move which might be wrongly construed by him and which he could possibly take as an affront. For that reason it was said they could not possibly give their approval to the opening of the Franco-Spanish frontier at least until every expedient had been exhausted by the forthcoming meeting of the Non-Intervention Committee. If, after having considered the Italian point of view in referring the question back to the Non-Intervention Committee, the result is complete failure, the British will have to determine a new policy with the French. They are, it seems, determined not to allow the proceedings of the Non-Intervention Committee to be wrecked by dilatory tactics. They may not be able to prevent a complete breakdown on issues but it will be made clear to the Italians that a decision one way or the other must be quickly got at.

JOHNSON

852.00/6688 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, October 14, 1937—6 p. m.

[Received October 14—5:32 p. m.]

1443. I was told at the Foreign Office this afternoon that the Council of Ministers this morning approved the decisions reached at the inter-ministerial meeting yesterday regarding the Spanish and Mediterranean problems. The Government here in full accord with the British Government has agreed as proposed in the Italian reply of October 9 that the question of withdrawal of volunteers from Spain should come up again before the London Committee. The Committee will meet either Saturday or Monday. The French and British Governments are in agreement that their representatives on the Committee shall make declarations at the meeting setting forth their point of view and making it clear that their Governments are opposed to further long drawn out discussion of the question of withdrawal of volunteers and that they desire to know exactly how each country represented on the Committee stands on this question. It is expected that Plymouth will fix a brief period say one week within which the position of each country should be definitely stated. The declarations made by the French and British representatives will also state that in the event of failure to reach agreement on this question both Governments will recover their freedom of action.

My informant said that after consultation between the two governments both had agreed "without any pressure from the British" that it would be impolitic to decline the Italian suggestion for a further hearing on this question in the London Committee. Both Governments are determined, however, to brook no further extended delay

and in the event of failure to accomplish anything in the Committee within a short period both Governments will act together as regards the use to be made of their recovered freedom of action. (I might add parenthetically that I have had the distinct impression lately that while many members of the French Government would undoubtedly be glad to proceed forthwith in opening the frontier, Chaunteps and Delbos and probably other Radical Socialist ministers independent of any influence exerted by the British have desired to go cautiously in this matter).

I remarked that it seemed as if the question of non-intervention in Spain might be treated separately from that of the protection of the vital interests of France and Britain in the Mediterranean. My informant said that at present the question of protecting vital interests in the Mediterranean could be summed up in the word "Minorca". He said that the French Government believed that it had nothing to fear on this subject at the moment (presumably referring to the possibility of Italian occupation) and that the French and British Governments were consulting together on the question of Minorca with the utmost care.

WILSON

125.199/43 : Telegram

The Secretary of State to the Ambassador in Spain (Bowers), Then in France

WASHINGTON, October 14, 1937—6 p. m.

B-352. Your 380, October 13, 3 p. m. In view of circumstances reported no further effort should be made for Chapman to visit Spanish territory to investigate Zabala case.

We are awaiting report from Consul at Seville before taking further action with regard to reopening of Consulate at Bilbao. In the meantime no further action should be taken by you in this regard.

HULL

852.00/6696 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, October 16, 1937—10 a. m.

[Received 11:40 a. m.]

1453-1455. In the course of a conversation with Léger yesterday afternoon he stated that it had been clear ever since the declaration of Mussolini last August following the capture of Santander, in which he publicly proclaimed Italian intervention in Spain, that the situation arising out of the fact that Italy was violating the traditional inter-

vention obligations while France and England were living up to them could not be tolerated indefinitely. The "show down" would have taken place earlier if it had not been for the submarine attacks in the Mediterranean which had created a new situation that had to be dealt with urgently. Now that this situation had been cleared up through the Nyon Arrangement and the Paris meeting which had resulted in Italy's adherence to the Nyon Arrangement the British and French Governments had agreed that the time had come to find out exactly what the intentions of the Italian Government were: whether in short Italy wished war or peace. In proposing to Italy by the note of October 2 that there should be three-cornered conversations on the question of withdrawing volunteers, the French and British Governments had in no way tried to drive a wedge between Italy and Germany. There had been no reason to invite Germany to these conversations since it was not Germany that was installed in the Balearics and it was not Germany that had intervened so openly in Spain. Also England and France had not intended to remove question of the withdrawal of volunteers from the competence of the London Committee but had intended that if the proposed conversations with Italy led to any agreement then the question should come before the committee for final determination. It was evident, however, that Mussolini was seeking every possible pretext which would cause further delay; and in the meantime the French Government had reliable information that Mussolini was continuing to send reinforcements to Spain and additional airplanes to Majorca.

Léger said that the sole desire of the French Government was that the Spanish conflict should be settled by the Spaniards themselves, and that while it would undoubtedly be preferable for France to have a government on the other side of the Pyrenees which was inspired by republican principles rather than a government in debt to Fascist Italy, nevertheless, France was willing to take her chances being able to deal with Franco if he should win the civil war. It was the continued occupation of Spanish territory by Italian Government forces which the French Government could no longer permit.

I asked Léger whether he thought that Mussolini could withdraw Italian forces from Spain before a decisive victory by Franco after much risk of loss of prestige in his own country which might threaten the regime. Léger said that Mussolini was certainly in a difficult position. The Spanish war was unpopular in Italy; the Italian forces in Spain had not volunteered to go there but had been conscripted and sent there. Also the economic strain on Italy of maintaining expeditionary forces in Ethiopia, Spain and Libya was very great. To withdraw from Spain without obtaining compensation for all the effort expended there would be a risk. On the other hand he wondered if Mussolini could afford to refuse to withdraw his troops from Spain

thereby inevitably obliging Great Britain and France to modify their policy as to non-intervention and creating a situation in which the risks of war would become much greater: the continuance of a policy by Mussolini which would bring about this situation would certainly not be popular with the Italian people.

Léger said that the purpose which the French and the British Governments now had in mind in agreeing to go again to the London Committee was to obtain with as little delay as possible a categorical answer yes or no whether Italy would bring to an end her intervention in Spain and her occupation of part of that country. If Italy refuses then England and France will recover their freedom of action. What use they will make of this recovered freedom is not a matter which concerns the London Committee but one which concerns the two countries alone in the protection of their own interests.

I inquired where matters stood regarding the proposed Nine Power Conference on the Far Eastern question.⁷⁶ Léger said that he supposed it would take place in Brussels at the end of this month. He went on to say that it was clear that as long as the present tension existed in Europe it would be impossible for France or for that matter for England to take part in any common action in the Far East which might involve or imply at some later stage the furnishing of armed forces. He said, for instance, that if consideration should be given to the idea of economic sanctions against Japan it would be necessary to go further and to consider means of protection for the smaller powers which would incur retaliatory action on the part of Japan. It would be impossible for France under present conditions existing in Europe to contribute effectively to such means of protection. Furthermore, France herself was vulnerable in the Orient as regards Indo-China and France under present conditions could not subscribe to any action in the Far East which might require the furnishing of additional means of defense for France's possessions there. Léger said that it was regrettable that this situation existed which seemed to facilitate aggression in the Far East but the situation was a fact and had to be faced.

WILSON

852.00/6806

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

No. 1355

ST. JEAN DE LUZ, October 17, 1937.

[Received October 30.]

SIR: I have the honor to report that the latest retreat of England and France before the threat of Mussolini in the matter of the with-

⁷⁶ See vol. iv, pp. 1 ff.

drawal of the Italian army from Spain leaves little doubt that there will be no withdrawal of these troops. The retreat is all the more astounding in view of the public declarations of Mr. Eden and Delbos, one week before, that unless the Italian reply was soon forthcoming, and unless it was favorable, there would be an immediate opening of the French frontier, and the restoration to the Spanish Government of its right under international law to buy arms and ammunition to defend itself against the military rising and the foreign armies.

The reference of the matter of withdrawal to the Non-Intervention Committee which has, without a protest to the violators of the non-intervention agreement, permitted near 100,000 of the Italian army and probably 20,000 of the German to be sent quite openly into Spain, cannot possibly end in anything but failure. Neither London or Paris pretend seriously to think otherwise.

The sole purpose, certainly notorious, of Mussolini, in demanding and securing the reference to the discredited Non-Intervention Committee, is to create interminable delays. In the initial speech of the Italian representative on Saturday (October 16) it is clear that Mussolini, if driven into a corner, will propose withdrawals on both sides, man for man. Since at the extreme estimate there are no more than 30,000 bona fide foreign volunteers fighting with the Government, and since the Italian army probably numbers now close to, if not more than, 100,000 soldiers, and there are as many as 20,000 of the German, it is clear enough that a man for man withdrawal would, after eliminating every foreign volunteer with the Government, leave as many as 90,000 of the Italian and German armies on Spanish soil. Naturally, the Spanish Government will not agree to this.

It should be kept in mind that the Spanish Government has agreed to a withdrawal of *all* foreigners fighting in Spain on both sides; naturally it will never agree to a man-for-man withdrawal.

Since the "crisis" has been reached, ending in the reference to the Non-Intervention Committee, there appears to be not a scintilla of doubt that more of the Italian army has invaded Spain. We have very circumstantial stories of the landing on October 9th in Cadiz of Italian soldiers estimated at between 6,000 and 7,000; of their transfer by lorries from Cadiz to Seville, with these lorries making an uninterrupted stream throughout the day upon the highway. This should be and probably has been reported upon by our Consulate at Seville.

The purpose of Mussolini unquestionably is to cause interminable delays and during the futile wrangling more and more Italian troops will be poured into Spain.

I would call attention to the immediate effect of this policy if permitted by the British and the French. At this hour military operations of major importance are in process on the Aragon front. The

French Consul at Saragossa, a manufacturer in Saragossa, and an active supporter of General Franco, has just returned to Saint-Jean-de-Luz with the information that the insurgents have assembled in and near that city the most tremendous stores of arms and ammunition he has ever seen. The Government has an unusually large army there, now on the offensive and making some progress, but I understand that should these operations continue long it will fall short in the ammunition necessary for such an intensive offensive.

It will thus be seen that the vital interest of the Government is involved in the opening of the French frontier to the sale of arms and ammunition which the Government is prepared to pay for in cash. With General Franco constantly, and notoriously, receiving more arms and ammunition without purchase from Italy and Germany, the continuance of the closing of the frontier, making impossible the acquisition of arms and ammunition for the Government, amounts to a very definite contribution on the part of England and France to the insurgent cause. The program of Mussolini is to hold off all relief from the Government until the operations in Aragon are finished by pretending to a serious consideration of the plan for the withdrawal of troops.

I have no hesitancy in expressing the conviction that the British Government is entirely partial to this plan of Mussolini. I base this conviction on the fact, (1) that from the first week of the war the British Ambassador here has been an open and bitter partisan of the rebels, (2) that the misrepresentations and suppressions of Mr. Eden in the Commons can leave no doubt of the profound dislike of the present British Government for the Government of Spain, and (3) that the British Chargé d'Affaires in Valencia, Ogilvie-Forbes, who was really neutral, has been displaced by Mr. Leach who, according to information from everyone from Valencia I have seen, is very nasty toward the Government. I refer you to Mr. Thurston's telegram⁷ in which he notes that all the Diplomatic Corps attended the opening of the Cortes with the exception of Mr. Leach who boasted that he "would not give them that satisfaction".

The almost pathetic anxiety of the French to hold on to their understanding with England has been taken advantage of in London to force France into policies clearly dangerous to France. Now that the recent elections have sustained the Popular Front Government in France to the full, it is thought here that its position has been so strengthened that the British will have some difficulty in preventing the French from opening the frontier very soon unless a genuine agreement is made by Mussolini. In that event it is thought that the British will have to stand with France. However, I have heard from two men here from Salamanca, one the Secretary of Sangroniz,

⁷ Despatch No. X-234, October 5; not printed.

that the insurgents are convinced of the support of Chamberlain who has been exchanging private letters, described by the informants referred to as "love tokens", with Mussolini.

The military operations in Aragon may mark a turning point in the war. If General Franco, after weeks of preparation, the concentrating of an unprecedented amount of war material in and about Saragossa, and the concentration there of the greater part of his Moorish and Italian troops, fails to win a smashing victory, there seems little possibility of the war ending this winter.

Since the writing of this despatch Mr. Eden in his speech at Bangor has struck a clearer and more courageous note which, on its face, may indicate a real stiffening in the British attitude toward Mussolini's demands and his impertinences.

Respectfully yours,

CLAUDE G. BOWERS

852.00/6771

Memorandum by the Under Secretary of State (Welles)

[WASHINGTON,] October 18, 1937.

The Spanish Ambassador called to see me at his request. He told me that he carried with him an instruction from his Government to request the Government of the United States to support the request of the Spanish Government at the Non-Intervention Committee in London that the withdrawal of "volunteers" from Spain be determined only in proportion to the number of foreigners fighting on each side. The Ambassador maintained that the Spanish Government had only at the outside 18,000 foreigners fighting in its ranks and that on the Insurgent side there were between 60 and 80,000 Italians, 10 to 13,000 Germans, and a considerable number of Poles and Portuguese in addition to the Moorish contingents. From the point of view of the Spanish Government, if an equal number of volunteers were withdrawn from both sides, the Loyalist forces would be crippled to such an extent as to make their defeat a foregone conclusion.

The Ambassador then made me a very eloquent analysis and interpretation of the President's Chicago speech and supported the request of his Government by a declaration that the President's speech required the active participation of the United States on the side of the democracies of the world and that the present opportunity afforded was an instance of where the influence of the United States in behalf of democracies could be usefully exerted. He also referred specifically to the address of the Secretary of State of September 19 in defense of this thesis.⁷⁸

⁷⁸ Department of State, *Press Releases*, September 25, 1937, p. 239.

I replied to the Ambassador that the hope and faith of the President in democracy as the "hope of the world" had been expressed on many public occasions and that there was no doubt anywhere in the world as to the policy of the President in this regard. I further said that, of course, the President had emphasized and reemphasized his belief that the United States should actively engage in the search for peace and that we had done so and would continue to do so in all ways which we considered appropriate and practical. I said, however, that the Ambassador was well aware that the policy of this Government could only depend upon the support of public opinion and that whatever the sympathies of the American people might be with regard to the tragedy in Spain, nevertheless, the Congress of the United States in representation of the people had made it clear that it desired the Government of the United States to adopt an attitude of strict neutrality as between the contending parties in Spain and that it was determined to avoid, in so far as the United States was concerned, any involvement or entanglement which might create a situation where the United States might be drawn into hostilities. At this juncture the Ambassador launched into an exposition of the injustice of this point of view and said that it was the first time in the history of the civilized world where a legally constituted government had been prevented from obtaining the materials it required in its own legitimate self-defense. I then continued by saying that as the Ambassador knew from his many conversations with the Secretary of State, we believed that those European powers geographically closer to Spain and more directly involved in the situation which had been there created and who were represented in the Non-Intervention Committee in London had assumed primary jurisdiction of the difficulties involved and that the United States had determined to remain aloof from those negotiations; that in view of all these facts and in view of all the circumstances involved, it seemed to me that it would be counter to the considered and determined policy of the United States now to interject its opinion with regard to a specific question being debated in the Non-Intervention Committee. I told him that the matter was, of course, one which I should wish to consult the Secretary of State about and that I would lay the request before him. I said to the Ambassador, however, that unless the Secretary of State disagreed with the opinion which I had already expressed to him, he might consider the attitude of this Government as that which I had outlined. I said that in the event that the Secretary of State felt differently than I, I would then inform him of what action, if any, the Secretary of State desired to take.

When he left the Ambassador said that I would, of course, realize that he was acting under strict instructions and that very frequently

if he were using his own judgment, requests of this character would not be made but that he had no other alternative. I expressed to the Ambassador my appreciation of his courteous consideration and my regret that he personally was under such a continuous strain because of the presence of members of his own family in many of the cities which are now being bombarded.

S[UMNER] W[ELLES]

852.00/6711 : Telegram

The Chargé in Italy (Reed) to the Secretary of State

ROME, October 18, 1937—7 p. m.

[Received October 18—4 p. m.]

445. My telegram No. 443, October 17, noon.⁷⁹ The semi-official *Informazione Diplomatica* announced today that there are at present 40,000 Italian volunteers in Spain, including the auxiliary services, whereas Valencia volunteers are far more numerous.

If the previous reliable estimates of approximately 60,000 Italian troops serving in the Nationalist armies were correct, the publication of this announcement would apparently indicate recent repatriation of large numbers of Italians from Spain.

The British Ambassador, who saw Count Ciano just before Saturday's meeting of the London Non-Intervention Committee, stated that he found the Foreign Minister most anxious of finding a solution and willing to accept very strong measures of control provided agreement on the other two questions could be secured. The Italians insist, however, that an equal number of volunteers be withdrawn from each side rather than proportionally according to the numbers serving in each army. Lord Perth⁸⁰ said that the French Government attached considerable importance to a proportional withdrawal as Paris seemed to believe that more foreigners were serving with the Nationalist Army than with the Valencia forces and that an equal withdrawal would be definitely advantageous to Franco. Either solution, he added, would be acceptable to the British Government.

A Foreign Office official today stressed the unfortunate impression which Eden's Llandudno speech⁸¹ had created in Italian official circles and said that such an attitude on the part of the British Government makes a solution more difficult. The Italians seem, however, inclined to restrained optimism and to consider that the Italian offer of a partial withdrawal of volunteers offers a real possibility for agreement although it is still feared that Soviets will continue to block accord.

⁷⁹ Not printed.

⁸⁰ Sir Eric Drummond succeeded to the earldom August 20, 1937.

⁸¹ Made on October 15, 1937.

The impression prevails here that from a military point of view an agreement with respect to volunteers is feasible particularly since it is understood that Franco attaches more importance to a recognition of his belligerent status than to continued foreign reinforcements.

REED

852.00/6712 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, October 19, 1937—7 p. m.
[Received October 19—3:44 p. m.]

1473. The Naval Attaché is reliably informed that the French Government has approved the technical naval agreement signed in Paris following the Nyon arrangement and that there will be a meeting of French, British and Italian naval commanders about October 22 or 23, probably at Malta. The meeting is being held to work out the details of putting naval agreement into effect and beginning patrol operations.

Please inform Navy Department.

Copies to London, Rome.

WILSON

852.00/6728 : Telegram

The Ambassador in Cuba (Wright) to the Secretary of State

HABANA, October 20, 1937—1 p. m.
[Received 1:40 p. m.]

82. Local press reports that the Cuban Cabinet yesterday approved a proposal of the Secretary of State that the Cuban Government invite all the other American countries to join in representations to both factions in Spain looking to an armistice during which the two factions might discuss before an international commission terms for ending the war.⁸²

WRIGHT

852.00/6801 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, October 20, 1937—2 p. m.
[Received 2:05 p. m.]

1546. We were told at the Foreign Office this morning that they had talked on the telephone late last night with Corbin after the meeting of the Non-Intervention Subcommittee in London. Corbin

⁸² By telegram No. 83, October 21, 5 p. m., the Ambassador informed the Department that a communication in the sense of this telegram had been received from the Cuban Department of State that day, and that the text would be forwarded by airmail (852.00/6742).

said that yesterday's meeting could be summed up by the word "confusion": the Russians had said that instead of voting against the section of the British plan relating to belligerent rights, they would abstain from voting and that abstention should not prevent progress being made on withdrawing foreigners. The Germans had taken the point of view that abstention and Russian opposition were the same thing and that there must be unanimity of rights in the draft resolution. The Italians who at the previous meeting had appeared to recede from the demand for unanimity yesterday had approved the German position. Corbin said that the meeting was so utterly confused that it was impossible for him to describe it accurately on paper and he was therefore coming to Paris where he was expected today to discuss the situation.

Our informant at the Foreign Office said that the Russians abstained from voting on the question of belligerent rights rather than voting against this question, constituted an advance and showed some good will on the part of Russia. On the other hand one had to admit that there was something to be said for the German and Italian point of view that, unless unanimity could be agreed upon for granting belligerent rights, (after of course substantial withdrawal of volunteers), a most difficult situation might arise: for example if all the other powers except Russia granted Franco the right to stop and search their ships it was certain that Franco would stop and search Russian ships as well and this would provoke a serious incident.

While feeling that yesterday's meeting was a setback the Foreign Office hopes that the next meeting of the Subcommittee set for Tuesday will make it possible to present the draft resolution to the full Committee on Wednesday in such a manner as to bring out definitely where each country stands regarding the essential provisions of the British plan.

Regarding Mussolini's championship of the German claim for colonies in his speech the day before yesterday, our informant said that, while this was, historically, a new departure in Italian policy since it was the first time that the Italian Government had officially come out in favor of Germany's claim, the speech had caused little interest in France where opinion was becoming "bored" by such pronouncements. In response to an inquiry as to the reason which might have [induced?] Mussolini to take this position, our informant said that it might have been one of several things: possibly promise of further support in Spain; possibly assurance that Germany did not intend to push matters in Austria or Czechoslovakia.

The German refusal to attend the Brussels Conference on the Far Eastern question has not surprised the Foreign Office here: they feel that Germany and Italy are in agreement as to the manner in which Italy will represent their joint views at Brussels.

Copies to London, Rome, Berlin; last paragraph to American Delegation, Brussels.

BULLITT

124.52/199 : Telegram

The Acting Secretary of State to the Counselor of Embassy in Spain (Thurston)

WASHINGTON, October 20, 1937—2 p. m.

402. Your 801, October 19, 4 p. m.⁸³ While we have no objections to your making such tentative arrangements for removal to Barcelona as you describe, we are not yet ready to make a final decision on the matter of your accompanying the Government there. You should therefore refrain from giving the impression that our course is fixed.

Our decision will be governed by a number of factors, among others, the course which will be followed by other diplomatic missions. Please keep the Department currently informed on this point.

Your recommendations will be appreciated regarding maintenance of Consulate at Valencia and division of personnel between Embassy and Consulate after your departure, if this course is decided upon.

WELLES

852.00/6738 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, October 21, 1937—1 p. m.

[Received 1:20 p. m.]

654. At a late hour yesterday an Italian *volte-face* rescued the Spanish Non-Intervention Subcommittee from complete deadlock by acceptance of the British plan for withdrawing volunteers from Spain, a breakdown of the discussions having appeared in the morning to be inevitable. The Italian Ambassador announced at yesterday afternoon's meeting that his Government would agree to withdrawal of volunteers without the preceding grant of belligerent rights. The Italian plan outlined by the Ambassador was as follows:

"(1) Italy is ready to accept that an international commission entrusted with making the arrangements for and the supervision of evacuation of volunteers should be appointed at once and sent immediately to Spain to ascertain the exact number of foreign nationals fighting with the two parties. The result of this investigation will make it possible to decide in what manner and in what proportion the withdrawals should take place.

⁸³ Not printed; this telegram reported the decision of the Spanish Government to move to Barcelona (852.00/6714).

(2) Italy is also ready to consider, in a spirit of compromise and with the aim of finding a common ground of agreement, the best way for giving practical execution to the measures contained in paragraph 8 of the British plan as soon as the committee have at their disposal the report of the commission sent to Spain—namely, to decide at which moment and in what manner the belligerent rights should be recognized.”

The Italian Ambassador also confirmed that his Government agrees to the preliminary and immediate withdrawal of foreign volunteers in equal numbers from each side.

This is, of course, substantially the British plan of last July and the Italian Ambassador made rather a point of insisting that Italy by these proposals was adopting the British plan as a whole. However, Count Grandi's proposal for the sending of a commission to Spain to discover the exact number of foreign nationals serving on each side is a somewhat radical departure from the British plan which only contemplated a commission to make arrangements for and supervise the withdrawal of foreign nationals. It obviously also would offer a leverage for dilatory tactics in carrying out the withdrawal and pessimistic observers see a sinister motive in this Italian suggestion.

There is naturally widespread speculation as to the reasons for the Italian action. In my personal view, neither the Italians nor the Germans really designed [*desired?*] a complete breakdown of the non-intervention machinery. The Russian demand that there should be no recognition of belligerency until after complete withdrawal of all volunteers, showed no abatement and the most probable explanation therefore of the Italian reversal seems to be that they realized that if some helping hand were not offered to the patient British endeavors there would be a complete collapse of the non-intervention efforts with perhaps unpleasant consequences for Italy. The sending of a commission to Spain to ascertain the number of volunteers on either side obviously will take a considerable time to accomplish its purpose and would offer the Italians an opportunity to sabotage the plan by continuing to send reinforcements to Spain. The British apparently are not acting on any such supposition and the Foreign Secretary is reported to have said last night that if the meeting of the committee tomorrow made such large advance as they made yesterday afternoon the problem would be very largely solved.

The following communiqué was issued last night at the close of the meeting:

“After hearing all the statements by the various representatives and after taking note of the substantial degree of progress achieved towards agreement on the main points at issue the representatives undertook to report to their respective governments the substance of the day's discussion. The Subcommittee agreed that before the next

meeting the Chairman should consider the machinery which would be required to give effect to the proposals under discussion".

The full text of the Italian Ambassador's statements has been published and will be forwarded by pouch today.⁸⁴ The plan was accepted by all countries except Russia.

JOHNSON

852.00/6741 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, October 21, 1937—6 p. m.
[Received October 21—4:35 p. m.]

802. Department's 402, October 20, 2 p. m.

1. When discussing the transfer of the Government to Barcelona I have endeavored to avoid giving the impression that any decision has been reached with respect to the removal of our Embassy.

2. The British Chargé d'Affaires has recommended to his Government that the British Embassy be not transferred to Barcelona. His negative recommendation is based upon the following personal and official considerations: (a) The physical inconvenience, as his household numbers about 60 persons, including several Spanish guests formerly imprisoned; (b) the fact that much money has been expended on the Embassy quarters here; (c) that the Embassy would lose contact with Madrid; (d) that it is engaged in the evacuation of refugees; and (e) that it would be awkward for him and prejudicial to the British Consul General at Barcelona, a senior officer resident there for the last 12 years. The Foreign Office has not replied to this recommendation.

The French Chargé d'Affaires takes it for granted that his Embassy will follow the Government to Barcelona. He is of the opinion that the retention of the French Embassy in Valencia after the Government had departed would be pointless and that it would be impracticable for it to carry on negotiations with the Government at such a distance.

I have not consulted the Mexican and Soviet representatives as it is to be assumed that they would accompany the Government.

3. Should the Embassy remove to Barcelona I would recommend that the Consulate be maintained here. In that contingency it would become a valuable means of communication with Madrid. It is probable moreover that the closing of the Consulate, in the absence of military developments threatening its safety, would be misconstrued.

4. Mr. Flood reports rumors indicating that the presumed complications arising from the installation of the Government in Catalonia may be disposed of by creating a federal district in Barcelona.

⁸⁴Despatch No. 3484, October 21, not printed. Ambassador Grandi's statement was published in the October 21 edition of the *London Times*.

Conferences with Companys continue here but no official statement has yet been issued.

THURSTON

852.00/6910

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, October 23, 1937.

DEAR MR. SECRETARY: On Friday, October 22, I was called upon by José María Lasarte, a deputy in the Cortes from the Basque country, and Javier de Gortazar, a delegate of the Euzkadi Government in Bayonne, both representing Jesús María de Leizaola, the Minister of Justice in the Basque Government, and presented with a statement regarding the violation of the terms of capitulation made by the Basques with the Italians.

It appears that 14 men have been executed, consisting of two representatives of each of the parties or elements that defended the Basque country. These, according to the information furnished me, had been hostages.

I am also informed that several hundred have been condemned to death but that none of these sentences have been carried out as yet.

I made it clear that there is nothing that we can do since we have no official communication with the insurgent government. These representatives of the Basques said that they understood this to be true but that they wish to inform the outside world of what is going on.

I, therefore, transmit herewith the statement left with me.⁸⁵

I was informed that the Basque Government has documentary proof of the violations of the terms of the capitulation.

It appears that at this time President Aguirre is in Barcelona. His function seems to be to contact the outside world and he goes back and forth from Spain to Paris where offices are maintained at 11 Avenue Marceau.

I am sending this personally on the theory of perhaps it is just as well not to make it a matter of record, but you will, of course, use your own judgment about that.

Very truly yours,

CLAUDE G. BOWERS

852.00/6750 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, October 23, 1937—10 a. m.

[Received 9:40 p. m.]

1501. I discussed with Delbos also the question of Spain. He said that he still was not sure that the apparent agreement of day before

⁸⁵ Not printed.

yesterday in London was a real agreement and telephoned Corbin, French Ambassador in London, while I was in his office to hear the latest news. Corbin gave him the news which the Department unquestionably has from other sources that the Soviet representative had refused to accept the British plan for the work of the committees in Spain and that Grandi had immediately started to leave the meeting and that his departure had been prevented only with the greatest difficulty. Delbos ordered Corbin to come to Paris tomorrow for instructions and said that he hoped the matter could be settled satisfactorily on Monday.

I asked Delbos if he interpreted the acceptance of the British project by the Italians as an indication that the Italians felt certain that Franco would soon win the war. In contradistinction to Chautemps, he said that he did not believe this. He felt that the Italians were in difficulties in Spain as the war in Spain had become unpopular in Italy. He did not believe that the Valencia Government was about to collapse and did not believe that Franco could attack successfully either Madrid or Teruel. In my discussion with Blum later he expressed the same opinion as Delbos.

I asked Delbos whether the British had agreed to establish a permanent patrol around Minorca. He said that they had not and that he would be unwilling to establish a French patrol unless the British should participate.

Both Blum and Delbos were much more optimistic with regard to the position of the Barcelona Government than was Chautemps.

I was informed yesterday (and both Blum and Delbos by eloquent silence in reply to my questions seemed to confirm the information) that whereas when I left France 3 weeks ago there was no passage of supplies across the French frontier to Barcelona and Valencia at the present time the frontier was at least partially open.

BULLITT

852.00/6753 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, October 23, 1937—1 p. m.

[Received October 23—10:53 a. m.]

383. Franco by decree just [published?] announces his national council of 48. It resembles in every way the Grand Fascist Council in Rome. This council named for duration of the war after which a new one may be named. The council now named includes all the military chiefs, two former ministers of the former dictator, a priest of Navarre, the former chief of the Carlists and the former Carlist leader in the

Cortes, and several prominent Fascists including the daughter of Primo the dictator.

It is announced that Franco will name in a secret paper his own successor who will be proclaimed by the council in the event of Franco's death or incapacity.

Since Franco names members of the council this gives him supreme and absolute power. The council itself has no executive powers.

Franco expected soon to announce his cabinet selected from among the members of the council.

Full decree and comment follow by the pouch.⁸⁸

BOWERS

852.00/6780 : Telegram

*The Ambassador in the United Kingdom (Bingham) to the
Secretary of State*

LONDON, October 26, 1937—5 p. m.
[Received October 26—2:27 p. m.]

667. Embassy's 654, October 21, 1 p. m. In spite of the apparently favorable results of the Spanish Non-Intervention Subcommittee's meeting on October 20, the next meeting on October 22, which was called to give consideration to draft program of action, ended in a new deadlock. The difficulties resulting from this meeting may be summarized as follows: (1) The insistence of Italy (with Germany and Portugal) that the British plan for the withdrawal of foreigners and related measures must be accepted from the beginning as a solemn obligation by all governments represented in the Committee; coupled with (2) the refusal of Russia to accept the British plan as a whole or (according to Monsieur Maisky's statements at the last meeting) to content herself with mere abstinence while it is put into operation by others. In particular, Russia refuses to consider any recognition of belligerent rights to the Spanish parties until after the evacuation of the last foreigner; and (3) the refusal of Italy, Germany and Portugal to pledge themselves in advance to accept as binding the estimates of the numbers of serving foreigners to be compiled by the commissions which it is proposed to send to each side in Spain; the importance of these estimates being that it is proposed they should determine the numerical proportion between the withdrawals from either side.

These difficulties, with which the meeting of the Subcommittee today is concerned, have been heightened by the uncompromising communiqué issued by Mussolini on October 23. The two main issues now facing the Subcommittee may be stated as: (1) Unanimous acceptance of the British plan. No evidence appears that Russia will recede from her uncompromising stand against the granting of belligerent rights

⁸⁸ Not printed.

to both sides until there has been complete withdrawal of foreign volunteers. (2) The competence of the commissions of inquiry. Both Italy and Germany refused to be bound in advance by the figures of foreign volunteers which may result from any computation by the commissions. The deadlock might be broken by Italy and Germany receding from their demand that the plan must be accepted unanimously by all members of the Non-Intervention Committee. As Italy probably has little real desire to face the possible consequences of a complete breakdown, it should not be difficult for her to make a concession on this point. It would seem futile, however, to speculate at this juncture on possible compromises or face-saving formulas. The real stumbling block apparently is Russia, whose Ambassador has continually shown his contempt for the Non-Intervention Committee.

BINGHAM

852.00/6955

*The Counselor of Embassy in Spain (Thurston) to the
Secretary of State*

No. X-250

VALENCIA, October 26, 1937.
[Received November 23.]

SIR: The local Association of Friends of the Soviet Union (*Asociación de Amigos de la Unión Soviética*) has been engaged for some time with preparations for the commemoration of the twentieth anniversary of the Soviet Revolution. The period November 1-7 has been designated by it as the "Week of Homage to the U. S. S. R.", during which numerous public ceremonies evidently will take place for the purpose of demonstrating Spain's gratitude for the moral and material support it has received. Collections for these activities are now being made—the Government's contribution thereto being 25,000 pesetas, that of each Member of the Cabinet, 250 pesetas, and that of the C. N. T., 5,000 pesetas. In the meanwhile, a "Golden Book" has been opened for signature, a delegation has been selected to go to Moscow with a gift of Spanish works of art and handicraft, and the Spanish premier, Señor Negrín, has addressed a somewhat effusive "Salutation to the Russian People" by radio, in the course of which, after praising the accomplishments of the Soviet Union "along the lines indicated by the genius of Lenin and followed by Stalin with singular clear-sightedness", he made the following remarks:

"The Soviet Union has followed its pacifist policy with respect to the Spanish question . . .⁸⁷ Peace does not exist in Europe—not only because there is war in Spain but because the Soviet conception of 'indivisible peace' has been systematically blocked. . .⁸⁷ The Soviet Union has clearly demonstrated its solidarity in Spain, asking nothing. . .⁸⁷".

⁸⁷ Omission indicated in the original.

It is difficult to estimate the scope of Soviet influence in Spain—a topic about which unbiased information is virtually unobtainable. In so far as the structure of the Government is concerned, it is of course preponderantly Socialist and Republican, the two Cabinet posts held by Communists (Public Instruction and Agriculture) being of minor importance. The Cortes (a negligible factor at present) contained but 17 Communists in a nominal membership of 473 Deputies, although Communist proportional representation in that body has been increased by the war, as a result of which only 172 Deputies attended the last sessions. While the presence with Spanish forces of individual Russian officers and men has occasionally been reported, it appears to be certain that there are no organized Russian troops or volunteers in Spain. Indeed, the presence in Spain of any Russians at all is not apparent to the casual observer—but they are here and can from time to time be identified. They serve as advisers in some of the Government offices, and as instructors, operators, and pilots, in the aviation and tank corps. It is believed that they likewise serve with the navy and the anti-aircraft corps. No basis exists upon which to calculate the number of Russians in Spain—in the fighting forces and in advisory capacities—but it would appear to be safe to hazard the opinion that they may be counted by hundreds and almost certainly do not exceed two thousand. The Russian Embassy, the composition of which is not disclosed and which maintains no contact of which I am aware with the diplomatic corps, is commonly assumed (and I believe rightly) to exercise considerable influence in the councils of the Government, although there is no evidence upon which to base the assumption. It likewise is assumed to have been the channel through which arrangements were made for the acquisition by the Spanish Government of the abundant supplies of military equipment (airplanes, tanks, and munitions) received from Russia.

The agency through which Soviet influence in Spain probably is most effectively exercised, however, is the Communist Party—the “Partido Comunista de España”—an authentic “Section of the Communist International”, whose Statutes follow the prescribed pattern of the “struggle for the establishment of the dictatorship of the proletariat and the creation of the Union of Soviet Socialist Republics”. This organization claimed last March to have 250,000 members, but since then, as the result of assiduous proselytizing, its membership probably has greatly increased. The strength of the Communist Party is believed to be disproportionate to its size—a fact probably attributable to excellent tactical guidance by its Russian and French counterparts as well as to its inherent militancy. It possesses one or more newspapers in Madrid, Barcelona, and Valencia, probably is amply supplied with funds, and is well organized along the basic

Communist system of the "cell" within all activities—including, it is not to be doubted, the entire Government. Vigorous and intelligent leadership has been shown in its opportune advocacy of the rights of the small farmer and tradesman, the need for a unified military command, a directed war industry, and the establishment of public order (see pages 4 to 6 of the accompanying Open Letter to the Socialist Party⁸⁹). As these measures imply the negation of the policies and practices of other organizations, notably the C. N. T., and the F. A. I., which seized upon the outbreak of the civil war to institute a reign of terror and anarchy, a gradual shaping of opposing forces has taken place. The excesses of the Anarcho-Syndicalists, however, leading through the fall of Málaga to the Barcelona conflict last May (in which it is claimed 900 lives were lost) and the resultant reorganization of the Government, have favored the Communists and momentarily at least have debilitated their opponents. The present alignment of these opposing forces may be said to place the Communists and portions of the Socialist Party and the U. G. T. in one group, confronted by the C. N. T., the F. A. I., and the P. O. U. M. The Republicans and the remaining portions of the Socialist and U. G. T. organizations are presumed to lean definitely toward the first group—not because they favor the Communist Party but because they disapprove the activities of the other.

There are indications, however, that the successes of the Communist Party have led it to become overbold, and that its methods may result in the development of a general reaction against it. Among the vulnerable points of the Party in this respect are its importation into Spain of the Russian anti-Trotskyist move, exemplified here by the Communist Party's war of extermination against the P. O. U. M. (Andrés Nin, the P. O. U. M. leader arrested a few months ago in Barcelona and imprisoned in Madrid, is said by the Government to have escaped. The P. O. U. M. claims that he was assassinated in jail); the alleged (the charge is frequently made) establishment of a Communist-controlled police organization—Cheka—separate from and independent of the Government police department; its persistent proselytizing in the Army (complained of at the last session of the Cortes, following which a Decree was issued forbidding such activities); and, finally, its seeming persecution of Señor Largo Caballero—whose loss of the Premiership (see the enclosed copy of an address delivered by the Communist Minister of Public Instruction, Jesús Hernández⁸⁹) and subsequent misadventures can in large part be attributed to it. References in the U. G. T. and C. N. T. newspapers

⁸⁹ Not printed.

to the "overseas editorship" of the Communist press, by orators to the fact that "Spain is still a free country, and is not subject to the orders of Berlin, Rome, or Moscow" (a remark which brought forth a Governmental Order, deploring the comparison of the U. S. S. R. with nations invading Spain, and threatening with indefinite suppression any newspaper offending Russia), and that whereas in the past one had to count his beads or show a cross in order to get attention in a hospital he now must display the "Hammer and Sickle", as well as statements made in private conversations, reflect the sentiment that is developing.

Respectfully yours,

WALTER C. THURSTON

852.00/8787 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, October 27, 1937—7 p. m.
[Received October 27—3:28 p. m.]

670. My 667, October 26, 5 p. m. Considerable progress appears to have been made at yesterday afternoon's meeting of the Spanish Non-Intervention Subcommittee. All the representatives, with the exception of the Russian Ambassador, agreed to submit to their several Governments the resolution adopted at the meeting of October 22 (not yet textually published) which embodied the Subcommittee's program of action to execute the British plan of last July. The Italian Ambassador was conciliatory. He withdrew his plan of insistence for unanimous acceptance of the full plan under discussion and withdrew Italy's objection to being bound in advance to accept the findings of the two commissions proposed to be sent to Spain to ascertain total of foreign volunteers on each side. The proposal for "token" withdrawals was dropped. The Russian Ambassador, without receding from his refusal to grant rights of belligerency until after the withdrawal of the last foreigner, qualified the refusal by an ambiguous statement that if the bulk of the foreigners in Spain had actually been withdrawn and it had become clear that there were to be no further arrivals and that it was not the intention of any Government to intervene in Spanish affairs, Russia "might perhaps consent to" or "discuss" the granting of belligerent rights to the two parties fighting in Spain. At Mr. Eden's earnest request the Committee passed over a question as to whether they should proceed, if necessary, without Russian cooperation. A later development may well be that the Committee will decide to continue its work without regard to the views of the Russian representative.

The next meeting to consider the replies of the Governments on the draft plan of action is scheduled for October 29.⁹⁰

BINGHAM

124.52/201 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, October 28, 1937—10 a. m.
[Received 11:05 a. m.]

385. Department's telegram No. 402, October 20, 2 p. m., to Valencia, and Thurston's No. 802, October 21, 6 p. m. If Government moves to Barcelona we should follow the Government as is customary. If we wish to maintain our attitude of neutrality we cannot afford to permit our policy to be influenced by the British who most emphatically are and have long been hostile to the Government.

Closing of Consulate in Valencia in case of removal of Embassy would be unfortunate since it would (1) be liable to misinterpretation, (2) its presence in Valencia important in maintaining contact with Madrid which is essential, and (3) if British alone do not move our Consul could maintain contact with British Embassy.

Repeated to Valencia.

BOWERS

124.52/201a : Telegram

The Acting Secretary of State to the Counselor of Embassy in Spain (Thurston)

WASHINGTON, October 29, 1937—10 p. m.

406. Please keep us currently informed regarding plans or decisions of other missions in respect to the question of removal to Barcelona. We shall also need reports from time to time on the progress of the removal of the Government; in particular we desire to know when it is proposed to transfer the Ministry of State.

WELLES

852.00/6760

The Acting Secretary of State to the Ambassador in Cuba (Wright)

No. 88

WASHINGTON, October 30, 1937.

SIR: The receipt is acknowledged of your despatch No. 235 of October 22, 1937,⁹¹ transmitting the text of a communication from the

⁹⁰ On November 4, 1937, the formula presented by the British Government was adopted by the Non-Intervention Committee. It was communicated on the same date to the two Spanish parties by the Chairman of the Committee; toward the end of November replies were received from the two parties requesting certain clarifications of the Committee's proposals.

⁹¹ Not printed; but see telegram No. 82, October 20, 1 p. m., from the Ambassador in Cuba, p. 428.

Secretary of State of the Cuban Government, dated October 21, 1937, requesting the participation of the United States in a joint proposal of mediation in the Spanish conflict by all the countries of America.

You are requested to transmit the following reply to the communication of the Secretary of State:

"I have been directed by my Government to inform Your Excellency that it has received, and has studied with the greatest attention, Your Excellency's note of October 21, inviting the Government of the United States to associate itself with all the countries of the American continent in a joint offer of their good offices for the purpose of arranging an armistice, and subsequently, terms of peace, between the contending forces in Spain.

"My Government fully appreciates the concern of the Cuban Government in contemplating the deplorable situation in Spain, and its natural desire to find some peaceful method of terminating the strife which for so long has ravaged that unfortunate country. My Government is furthermore aware of the humanitarian considerations which have always actuated the Cuban Government in its firm support of the efforts which have been made to find just and peaceful means for the settlement of international disputes. At the same time, my Government recognizes that the heritage of the Cuban people, shared with the people of many other countries of America, must lend a peculiar poignancy to the sufferings and misfortunes of the Spanish people.

"The people of the United States have followed the progress of the unfortunate conflict in Spain with deep sorrow, and the sufferings of the people of that country have profoundly distressed the Government and people of the United States. It is the very earnest hope of my Government, as it is of the American people, that a peaceful method of terminating this strife may be found.

"The Government of the United States has however adopted, as a matter of principle, the policy of non-interference in the internal affairs of another country, and with respect to the unfortunate conflict in Spain, my Government announced in August of 1936 that 'in conformity with its well-established policy of non-interference with internal affairs in another country, either in time of peace or in the event of civil strife, this Government will, of course, scrupulously refrain from any interference whatsoever in the unfortunate Spanish situation.' In observance of this policy my Government was unable to accept the proposal looking toward mediation put forward by the Government of Uruguay in August of last year, and it has subsequently been forced to decline participation in other proposals for joint intervention in that conflict.

"The Government of the United States feels confident that in the light of the foregoing the Government of Cuba will fully appreciate the considerations which preclude it from associating itself with the action proposed by that Government."

Very truly yours,

SUMNER WELLES

124.52/202: Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, October 30, 1937—4 p. m.
[Received 6:10 p. m.]

814. Your 406, October 29, 10 p. m.

1. The position of the British Embassy remains as described in my 802, October 21, 6 p. m.

The French Military Attaché is now in Barcelona arranging for quarters. When obtained the Embassy will remove to that city.

The Danish and Swedish Legations will follow the Government. The Norwegian Chargé d'Affaires has recommended to his Government that his Legation be retained here for evacuation work.

2. Removal of all Government offices is now in progress but an effort to "stagger" final transfers apparently is being made.

Señor Giral left this morning for Barcelona, where he will select quarters for the Ministry of State. A portion of the Ministry's files and equipment and a detachment of its personnel will depart tomorrow. It is expected that the Ministry will be installed in Barcelona "within the first 15 days of November."

THURSTON

124.52/202: Telegram

The Acting Secretary of State to the Counselor of Embassy in Spain (Thurston)

WASHINGTON, November 3, 1937—5 p. m.

407. Your 814 and 815 of October 30, 4 p. m., and October 31, 11 a. m.⁹²

You may proceed with arrangement for removal to Barcelona, but you should not finally depart until authorized to do so. In this connection we shall wish to be informed when Ministry of State is finally installed at Barcelona and when other foreign missions actually leave Valencia. We are particularly interested in the course followed by the Swedish and Danish Legations, since the position of these countries seems more nearly similar to our own.

[Here follow detailed instructions regarding personnel.]

WELLES

⁹² Telegram No. 815, October 31, 11 a. m., not printed.

124.52/202 : Telegram

*The Acting Secretary of State to the Counselor of Embassy in Spain
(Thurston)*

WASHINGTON, November 4, 1937—7 p. m.

408. My telegram 407, November 3, 5 p. m. Your telegram no. 817⁹³ was not received in the Department until 7:45 p. m. November 3. My telegram no. 407 therefore was sent prior to the receipt of your message.

In the light of the information reported in your 817 I desire to modify somewhat the instructions contained in my 407 regarding your removal to Barcelona. On the understanding that the Minister of State has actually taken up his duties in Barcelona, you are authorized to depart for Barcelona, without further instructions from the Department, simultaneously with or immediately after the departure for that City of your Swedish and Danish colleagues. You will of course bear in mind the desirability of departing for Barcelona before a serious military threat against Valencia develops. Telegraph the Department the date you may fix for departure.

WELLES

123C362/518 : Telegram

*The Acting Secretary of State to the Ambassador in Spain (Bowers),
Then in France*

WASHINGTON, November 6, 1937—11 a. m.

374. Telegram from Bay reports that General Queipo de Llano, having returned from extended visit to Aragon front, indicated that he had talked with General Franco about the return of Consul Chapman to Bilbao. He said that difficulties had arisen over the attitude of other foreign consuls and that he would telegraph the Commandant at Bilbao for a report. Yesterday the General informed Bay that Chapman might return to Bilbao.

WELLES

852.00/7014

The Consul at Milan (Sholes) to the Secretary of State

No. 141

MILAN, November 9, 1937.

[Received December 1.]

SIR: I have the honor to report that some striking details have been obtainable locally from well known and necessarily anonymous sources, concerning Italian and German raw material imports from

⁹³ Telegram No. 817, November 2, 6 p. m., not printed.

Spain, since the fall of Bilbao, the latter apparently enjoying priority rights in the matter because of the comparative incomplete state of German armaments.

Before the capture of Bilbao and the Spanish mineral belt by General Franco's forces, iron, ore and manganese imports from "White Spain" were negative as the trade movement between the two countries for the first six months ended June 1937, showed only 5,116 tons, whereas two months later these figures had increased to 23,192 tons—eloquent testimony of the economic rehabilitation in Nationalist Spain, especially when it is remembered that these figures are insignificant compared with the movement to Germany, which appears to be obtaining wheat, wool, hides, skins, olive oil, sugar, ores and pyrites in large quantities from the Iberian Peninsula, in exchange for chemicals and "machinery".

An interesting side light on the situation is the fact that until the liberation of Bilbao, Italy's principal item of import from Spain was olive oil, which began entering this country after Malaga and Andalusia, with the aid of Italian "volunteers", fell into the hands of General Franco. In fact, olive oil continues to head the list of imports, some 5,824 metric tons valued at L. 3,510,000 having entered Italy during the first 8 months of 1937.

According to this Consulate's sources of information, the pyrites first imported went mostly to the ILVA foundry at Genoa, but that quantities are now reaching the foundries in this and other sections.

When the future of Italo-Spanish trade is discussed here, it is pointed out that at the beginning of the war in Spain, practically all the gold, mineral and agricultural wealth of the Peninsula, with the exception of wheat and wine, was in the hands of the Madrid Government, whereas today the reverse was true.

It appears to be no secret that General Franco is liquidating Italy's and Germany's "advance mortgage" almost exclusively with raw materials, beginning with olive oil, and because of the great rise in prices, has greatly simplified matters for the Nationalist Treasury.

[Here follows a table showing the leading items of Italian imports for the first 8 months ending August 1937.]

Respectfully yours,

WALTER H. SHOLES

852.00/6884 : Telegram

The Ambassador in Argentina (Weddell) to the Secretary of State

BUENOS AIRES, November 10, 1937—11 a. m.

[Received 3:05 p. m.]

216. The Foreign Minister yesterday spoke to me of the Spanish situation and said that having in mind the fact that the Franco Gov-

ernment now appears to be in control of about three-quarters of the national territory and in view of the probable withdrawal of volunteers, which latter he thought would be an act of relief to Spanish pride and individualism, he wondered whether the moment is not propitious for some collective recognition of belligerency by the American Republics and said he would be interested to know the views of my Government.

He said that one effect of this recognition would be to give to the Franco authorities the right to visit ships. He also mentioned that Great Britain seemed to be coming to an understanding and was considering appointing an "agent" near the Franco Government. In his opinion a desirable feature of the recognition of belligerency would be that it would offer an opportunity to democratic powers to make their influence felt in the circles of the Franco Government and would counteract deleterious influences.

I gathered from the general tone of the Minister's remarks that he would welcome some expression concerning our attitude.

WEDDELL

125.199/48 : Telegram

The Acting Secretary of State to the Consul at Seville (Bay)

WASHINGTON, November 11, 1937—5 p. m.

Substance of your November 5, 1 p. m.⁹⁴ transmitted to Ambassador Bowers and following telegram has now been received from him:

"Immediately Chapman made necessary application to military Commandant at Irun through the usual channel for *salvo conducto* to Bilbao. Impossible to go there without one. Yrujo appeared pleased that Franco had agreed to the reopening of the Consulate. After three days nothing has reached the Commandant at Irun from Salamanca. I would suggest therefore that Bay be instructed to inform Queipo de Llano of the hitch and request through him that, first, Franco ask his diplomatic cabinet and military subordinates in Salamanca to instruct Irun Commandant to issue the *salvo conducto* to Bilbao; second, that Franco be asked to notify the Government at Bilbao not to interfere with our reopening of our Consulate. This is essential since the Governor refused permission to the French without instructions from Salamanca.

"There evidently is a lack of coordination between Franco and his diplomatic and military agents."

You are requested to approach General Queipo de Llano in accordance with the Ambassador's suggestions.

WELLES

⁹⁴ Not printed; in it Consul Bay reported that General Queipo de Llano had informed him orally that "Chapman may return to Bilbao" (123.C 362/517).

124.52/205 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, November 11, 1937—5 p. m.

[Received November 12—2: 56 a. m.]

821. My 818, November 5, 6 p. m.⁹⁵

1. The Government is now formally established in Barcelona and first meeting of the Council of Ministers has been held there. The Valencia office of the Ministry of State has been closed and the Secretary General, who was in charge, will depart for Barcelona in the morning.

2. The French Embassy has effected its transfer to Barcelona, and the Belgian Embassy will depart for that city the end of this week.

3. The British Chargé d'Affaires has been advised by the Foreign Office that while the reasons advanced by him in favor of remaining in Valencia are appreciated it feels that the importance of probable negotiations connected with the non-intervention program make it advisable that the British Embassy maintain close contact with the Spanish Government. He will in consequence transfer his Embassy to Barcelona. The removal probably will require several weeks.

4. The Swedish Chargé d'Affaires has been instructed to notify the Spanish Government that he will transfer his Legation to Barcelona when authorization has been granted for the evacuation of certain refugees (a group of 20 military officers) still in asylum in the Swedish Legation in Madrid. He considers this policy unwise and unproductive and will recommend unconditional transfer.

The Danish Chargé d'Affaires is recommending transfer more or less simultaneously with this Embassy.

5. In view of these developments I have now notified my Danish and Swedish [colleagues] that I am disposed to remove this Embassy to Barcelona and would like to make the transfer in unison with them as near as may be practicable.

In view of the possibility that the Swedish Government may persist in its present attitude and that the Danish Government may delay decision I recommend that I be authorized to remove this office to Barcelona without regard to action by any other mission during the week beginning November 22nd.⁹⁶

THURSTON

⁹⁵ Not printed.

⁹⁶ Department's telegram No. 409, November 12, 6 p. m., contained authorization for removal of the Embassy as recommended.

852.00/6910

*The Secretary of State to the Ambassador in Spain (Bowers),
Then in France*

[WASHINGTON,] November 12, 1937.

DEAR MR. AMBASSADOR: I have received your letter of October twenty-third regarding the visit to you of two representatives of the Minister of Justice in the Basque Government, who presented to you a statement regarding the violation of the terms of capitulation made by the Basques with the Italians.

The unfortunate situation of the Basque people has undoubtedly aroused much sympathy both in this country and elsewhere. At the same time it must be observed that we are not in a position to intervene to obtain the fulfillment of the terms of this capitulation. As I remarked in my letter to you of October eighth, with reference to the communication from Señor Aguirre regarding the capitulation agreed upon by the Basque authorities and the Italian command on the Santander front, we have been particularly careful in the observance of our policy of non-interference in the internal affairs of another country throughout the course of the present unfortunate conflict in Spain.

Under the circumstances there is no action that we can consistently take in this matter, and I am glad that you have made this clear to the representatives who called upon you, so that no false hopes may be entertained of possible intervention by this Government.

Sincerely yours,

CORDELL HULL

702.4152/25 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, November 12, 1937—11 a. m.

[Received November 12—8:34 a. m.]

Local press today publishes communiqué regarding text of notes exchanged by Great Britain and government at Salamanca establishing relations between the two governments by means of agents and sub-agents who were enjoying official protection and freedom from censorship of official correspondence as well as right to communicate by code. Respective agents will have direct access to the Foreign Relations Departments of each government. Functions of sub-agent are similar to consular duties.

Indications are that these and other facilities which hitherto have been extended to our consular officers in this territory will be abridged.

BAY

852.00/6884 : Telegram

The Secretary of State to the Ambassador in Argentina (Weddell)

WASHINGTON, November 12, 1937—4 p. m.

108. Your 216, November 10, 11 a. m. In accordance with our well-established policy of non-interference in the internal affairs of another country, we have consistently refrained from intervening in any way in the unfortunate conflict in Spain. We have made this position clear on a number of occasions in reply to proposals put forward by various governments envisaging some form or other of joint action with respect to that conflict.

Specifically, with reference to the recognition of belligerency, our position is set forth in reply to the proposal of the Uruguayan Government addressed to the governments of America last August, in a note delivered to the Minister of Foreign Affairs at Montevideo on September 3 and made public on the following day. The text of our reply was transmitted to the field as a press release under date of September 4, 1937.

If you have occasion again to discuss the Spanish situation with the Foreign Minister you may, if you think it advisable, describe our attitude in the sense indicated.

HULL

125.199/49 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, November 12, 1937—9 p. m.

[Received November 12—10:49 a. m.]

392. Yrujo reports this morning he has just received a reply from Salamanca regarding Chapman which merely says "await new instructions". I am afraid this means that we are to be asked if in return we will permit Franco to send consuls or "agents" to the States. This is the more astonishing since Carney of the *Times* informs me that on Wednesday in San Sebastian he was approached by the first lieutenant of Sangroniz with the intelligence that "you are to reopen your Consulate in Bilbao". He was not only told he could publish it but asked to do so with the comment that "following the British arrangements this is to the good". It is possible that Sangroniz's reference to "new instructions" means that he is seeking confirmation of Franco's assurances that we can open.

BOWERS

125.199/51 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, November 13, 1937—1 p. m.

[Received 4 : 07 p. m.]

Department's November 11, 5 p. m. General Queipo de Llano stated today that General Franco had authorized the return of Consul Chapman to Bilbao and that he would telegraph at once with a view to facilitating his entry at Irun.

BAY

125.199/52 : Telegram

*The Secretary of State to the Ambassador in Spain (Bowers),
Then in France*

WASHINGTON, November 15, 1937—7 p. m.

B-378. Your 393 of November 13, 1 p. m. and 394 of November 14, noon.⁹⁷ There has been little press comment here regarding reports you mention that Chapman will return to Bilbao as an "agent" or in a diplomatic or other representative capacity with the insurgent authorities. In reply to press inquiries we have made it clear that Chapman will return to his post in his capacity as consul only; that as in the case of our consulate at Malaga the consul at Bilbao will resume his duties because we feel conditions now make it safe to do so; and that the maintenance of our consulates in insurgent territory involves no question of recognition.

In view of Bay's report that General Franco has authorized the return of Chapman to Bilbao and has undertaken to telegraph at once to facilitate his entry at Irun, Chapman should make every effort to conclude arrangements for immediate return.

HULL

852.00/6928 : Telegram

*The Counselor of Embassy in Spain (Thurston) to the
Secretary of State*

VALENCIA, November 17, 1937—6 p. m.

[Received November 17—5 : 35 p. m.]

823. The suspense produced by the prolonged lull in major military operations is further affecting the impaired morale of Loyalist Spain and many rumors are in circulation, the most persistent of which concerns an impending armistice. Despite official denials that negotiations to that end are under way or contemplated, it is evident that special significance in this respect has been assigned to Companys'

⁹⁷ Neither printed.

visit to Brussels, the revocation of a recent order calling the Class of 1939 to service and the visit to Madrid over the last weekend of Azaña, Negrín, Prieto, and Giral. In another effort to lay these rumors which have provoked editorial and other comment hostile to any compromise, Negrín yesterday informed the Permanent Committee of the Cortes that the Government "will accept no proposal for mediation which does not imply the unconditional surrender of the rebels to the legitimate authorities of the Republic."

THURSTON

711.00111 Armament Control/1582

The Spanish Ambassador (De los Ríos) to the Secretary of State

[Translation]

No. 137/12

WASHINGTON, November 19, 1937.

MR. SECRETARY: The calling of the Congress of the United States into an extraordinary session⁸⁸ was preceded and followed by a series of solemn official statements on what the United States Government considers essential and sacred principles or norms of international law. This leads one to believe that the Government and the Congress are preparing to adapt the situation created by the so-called Neutrality Legislation⁸⁹ to the juridical and ethical principles that the highest representatives of this great nation, beginning with Your Excellency, have recently, publicly and repeatedly, invoked.

The fourteen points in which Your Excellency summarized, on July 16, 1937,¹ what might be called the international confession of faith of the United States, was the subject of full and unreserved adherence on the part of my Government. Among the principles emphasized by Your Excellency are found: "(a) faithful observance of international agreements; (b) principle of the sanctity of treaties; (c) respect by all nations for the rights of others and performance by all nations of established obligations". Those same ideas were expressed by Your Excellency in your splendid address of September 19, last,² and it all acquired special emphasis and worldwide attention when the Chief of State, President Roosevelt, in his speech of October 5, last, at Chicago,³ described "the reign of terror and international lawlessness" in which we were living and uttered these words which coincide absolutely with the aggressions suffered by my noble Spain: "Without a declaration of war, without warning and justification of any kind, civilians, including women and children, are being ruthlessly murdered with bombs from the air."

⁸⁸ Second session of the 75th Congress, November 15-December 21, 1937.

⁸⁹ Acts approved August 31, 1935 (49 Stat. 1081), February 29, 1936 (49 Stat. 1152), January 8, 1937 (50 Stat. 3) and May 1, 1937 (50 Stat. 121).

¹ *Post*, p. 699.

² Department of State, *Press Releases*, September 25, 1937, p. 239.

³ *Ibid.*, October 9, 1937, p. 275.

“In times of so-called peace, ships are being attacked and sunk by submarines without cause or notice. Nations are fomenting and taking sides in civil warfare with nations that have never done them any harm. Nations claiming freedom for themselves deny it to others.”

Lastly, raising the hopes of those who still trust in justice, he asked for “the return to a belief in the pledged word, in the value of a signed treaty, in the sanctity of international treaties, in the maintenance of international morality”.

Two subsequent acts have revealed to my Government that really the United States “actively engages in the search for peace”: One was the “conclusion contained in the statement on the Far Eastern crisis issued by the Department of State” in relation with the Japanese aggression (October 6, 1937),⁴ and the other the just non-application to China of the Neutrality Law, in spite of the magnitude of the—undeclared—war, existing there.⁵

Since the approval by the Congress, January 8, 1937, of the “Joint Resolution” by virtue of which the exportation of “arms, ammunition and implements of war from the United States to Spain” was prohibited, I have repeatedly expressed to Your Excellency, in a friendly way, but firmly, how that measure signified the negation of the rights of Spain, whose juridical personality and rights of sovereignty continue to be manifested in this country by the legally recognized Government. Those conversations I deemed it necessary to recall to Your Excellency in the memorandum I submitted to you on August 28, of the current year. Today, in view of the declarations of principles to which I refer in the beginning, certain that the ideas of Your Excellency and of the President of the United States express, not a pious wish, but a determination of policy, with the deepest respect and with a hope of success which I could not cherish when the principle of neutrality was the one invoked, I formulate to Your Excellency, in the name of my Government, my formal protest against the “Public Resolution” approved January 8, 1937, and against the “Joint Resolution and Proclamation” of May 1, last, inasmuch as both represent the negation of two essential principles without which there is no international life possible:

First: the embargo applied to the importation of arms, etc., represents the breaking of a treaty by a unilateral act, which conflicts with the statements of Your Excellency and the President, the Executive of the United States, on the sanctity of treaties and their modification by mutual agreement.

⁴ Department of State, *Press Releases*, October 9, 1937, p. 284.

⁵ See vol. iv, pp. 520 ff.

Second: it is the negation of the right, the vital right of a legitimate Government: that of acquiring the means whereby to defend itself against those who rise against authority and law.

With respect to the first point, it becomes obvious when the second article of the Treaty of Friendship and General Relations between the United States and Spain, signed at Madrid, July 3, 1902,⁶ is read: "There shall be a full, entire and reciprocal liberty of commerce and navigation between the citizens and subjects of the two High Contracting Parties", this article says, and the reservations contained at the end of the same cannot give rise to any doubt whatever.

Neither can there be any hesitation as to its being in force, as article 30 of the said Treaty says:

"The present Treaty of Friendship and General Relations shall remain in full force and vigor for the term of ten years from the day of the exchange of ratifications. Notwithstanding the foregoing, if neither Party notifies to the other its intention of reforming any of, or all, the articles of this Treaty, or of terminating it twelve months before the expiration of the ten years stipulated above, the said Treaty shall continue binding on both Parties beyond the said ten years, until twelve months from the time that one of the Parties notifies its intention of proceeding to its reform or of terminating it."

Now then, as the case contemplated has not arisen except with respect to the abrogation of articles XXIII and XXIV on July 1, 1916,⁷ the Treaty is in force.

So far as concerns the second point, it likewise appears evident: In 1913, 1916⁸ and finally in the Sixth International Conference of American States held at Habana in 1928,⁹ the doctrine of the United States as a signatory power appears clear: "in event of civil strife it forbids traffic in arms and war material, except when intended for the Government",¹⁰ and it cannot but be so morally and juridically, because when the embargo is decreed against both, the rebel and the legal Government are placed in a situation of parity, and as a consequence, violence is encouraged. Unfortunately such is the political, juridical and ethical effect of the Neutrality Law; on that account Your Excellency and the Government with a high sense of justice, have not applied it to the third country victim of the present aggressive forces: China. But it remains in force as regards Spain, the Government of Spain, with the aggravating circumstance that the aggressor peoples, for example Italy—as appears from the "White Book", ["The Italian Invasion of Spain," presented to Your Excel-

⁶ *Foreign Relations*, 1903, p. 721.

⁷ See *ibid.*, 1918, pp. 3, 10, and 861.

⁸ Presumably references to circular telegram, March 12, 1913, *ibid.*, 1913, p. 7, and circular telegram, January 24, 1916, item IV, *ibid.*, 1916, p. 3.

⁹ See *ibid.*, 1928, vol. I, pp. 527 ff.

¹⁰ See section 3, article I, of the Convention Regarding the Duties and Rights of States in the Event of Civil Strife, signed at Habana, February 20, 1928, *ibid.*, p. 612.

lency—or Germany (author of the bombardment of Almería), enjoy the right to export arms for themselves and their protégés, the rebels, while the legally recognized Government suffers a diminution of its rights as a member of the international community, a diminution which renders more profound its sufferings and its privations in its struggle for liberty.

Because of the aforesaid reasons, I formulate to Your Excellency my formal protest against “Public Resolution No. 1”, approved January 8, 1937, and the “Joint Resolution” and “Proclamation” of May 1, 1937, as contrary to the rights of Spain contained in the Treaty of 1902, protected by the basic rules of international law.

My Government, recognizing the value which the norms of international law have in the life of civilization, has followed with deep joy and hope the statements and acts of the highest authorities of the United States since July, and awaits, full of confidence, this hour having arrived, the Resolution which is proper in justice in so far as regards Spain and which, with all respect, I take the liberty of requesting.

I avail myself [etc.]

FERNANDO DE LOS RIOS

125.0052/128 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, November 19, 1937—1 p. m.

[Received November 19—10:05 a. m.]

397. Yrujo sent for Chapman this morning and gave him a *salvo conducto* to San Sebastian where he is asked to see Sangroniz tomorrow noon.

This almost certainly means that a proposal will be made for an exchange of Consuls as with Britain.

The stiff note of the Spanish Government just handed in at London indicates a bitter resentment of Britain's action.

In this connection note may be taken of the fact that while the greater part of British business interests are in Franco territory conditions are reversed with us.

Learn from the French Chargé here France has no “agents” and has received none.

My own firm conviction is that we should not consider any such policy as that of the British since it would mean a departure from custom and would mean a distinct deviation from our policy of neutrality.

Please instruct whether Chapman shall see Sangroniz and if so what his attitude shall be.

BOWERS

125.199/56 : Telegram

The Secretary of State to the Ambassador in Spain (Bowers), Then in France

WASHINGTON, November 19, 1937—6 p. m.

B-382. Your 397, November 19, 1 p.m. Chapman's instructions are limited to authorizing his return to his post as consul at Bilbao. We have no objection to his seeing Sangroniz at San Sebastian en route to his post, but it must be clearly understood that he is not authorized to discuss any proposal for exchange of agents with the insurgents or to make commitments of any kind in this regard. He should report fully and promptly to the Department on the subject of his conversation with Sangroniz.

It is not clear to us from your telegram whether the *salvo conducto* given to Chapman is valid only for a trip to San Sebastian or whether it is sufficient to enable him to continue on to Bilbao to resume his duties. We, of course, assume that the latter is the case. We suggest, however, that there be no misunderstanding on this point, and that Chapman not depart from St. Jean de Luz unless he is convinced that he can continue on to Bilbao.

HULL

125.199/58 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, November 20, 1937—9 a. m.

[Received 3:02 p. m.]

Department's November 18, 1 p. m., quoting from Ambassador Bowers.¹¹ General Queipo de Llano was surprised when I informed him last night that Consul Chapman was still unable to obtain permission to proceed to Bilbao. He called in his secretary in my presence and from him learned to his surprise that the Military Governor in Bilbao had not acknowledged his telegrams on this subject. He instructed the secretary to send a telegram at once requesting immediate acknowledgment and then informed me that upon receipt of the Military Governor's reply he would telegraph directly to the Commandant at Irun.

Repeated to Ambassador.

BAY

¹¹ Not printed; Ambassador Bowers had reported by telegram No. 396, November 17, 1 p. m., that inquiries of Yrujo and at Irun disclosed that promised telegraphic instructions of Franco to Irun had not been sent (125.199/54).

125.199/57 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, November 20, 1937—1 p. m.

[Received November 20—11 : 30 a. m.]

398. Chapman saw Yrujo this morning. He admitted that the intent was to propose to Chapman that he may return to Bilbao on condition that we permit them to "accredit Cardenas as Ambassador to Washington." He probably meant "Diplomatic Agent" but he used the word "Ambassador". Chapman replied he had no authorization to discuss such matters and could not see Sangroniz in San Sebastian unless he were permitted to proceed to Bilbao to reopen the Consulate. The *salvo conducto* to San Sebastian was not an authorization to go on to Bilbao. This is precisely what I expected. Chapman not going to San Sebastian.

Madrid papers of all political persuasions including the organ of Azaña's party bitterly denounce Britain's action and declare it will never be forgotten.

BOWERS

125.199/57 : Telegram

The Secretary of State to the Ambassador in Spain (Bowers), Then in France

WASHINGTON, November 22, 1937—6 p. m.

B-384. Your 398, November 20, 1 p. m. We are not, of course, prepared to accept a representative of General Franco as an "ambassador" or "diplomatic agent". We feel that the continued presence of our consular officers in territory under the control of General Franco is so obviously in the interest of all concerned that we assume no question will be raised about it.

HULL

125.199/60 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, November 23, 1937—1 p. m.

[Received November 23—11 : 05 a. m.]

400. Your B-384, November 22, 6 p. m., expresses my own views in 6th paragraph of my telegram No. 397, November 19, 1 p. m. I had suggested letting reopening at Bilbao rest for a time because confident that Sangroniz was seeking a contact to propose something we could not consider. Of course Sangroniz's interference with our re-

opening is stupid since it would have been to their advantage and their own people in this quarter feel so. Am convinced that Franco's foreign trade is dictated by Italian and German Ambassadors at his elbow.

I must make it clear that we have not seen Sangroniz; have received no proposition from him; have merely been warned by Yrujo of the proposition Sangroniz would make; and as yet we are merely where we have been for more than 2 months.

Some time ago I heard hints that our failure to accept Sangroniz's proposition might be followed by an order from Franco to close all our consulates in his territory but such stupidity is so incredible that I cannot take it seriously.

As matters stand it is inadvisable to make another move in this quarter, but to test the extent to which Sangroniz plan meets Franco's approval I suggest that Bay report lack of progress to Queipo de Llano and get his reaction.

I note you say that our plan to reopen is obviously to the interest of all and that you "assume no question will be raised about it". It must be understood that no one can go from here to Bilbao without papers from the military commandant at Irun, and Chapman cannot open the consulate there if the military governor interferes as he did in the case of the British and the French. And I would call attention to the essential fact that most emphatically a "question has been raised about it" to the extent of a *salvo conducto* to Bilbao being thus far refused.

BOWERS

852.00/6972 : Telegram

*The Counselor of Embassy in Spain (Thurston) to the
Secretary of State*

VALENCIA, November 23, 1937—7 p. m.

[Received November 24—1 a. m.]

828. My 827, November 20, 7 [11] p. m.¹² The Minister of State assured me yesterday that no extensive preparations in progress or contemplated with a view to an armistice or mediation. He likewise refuted rumors of impending reorganization of the Government.

At the close of our conversation Señor Giral remarked that the widespread belief that something in the nature of a cessation of hostilities is being brought about, might be based upon the feeling that once the commissions contemplated by the Van Dulm-Hemming¹³ report come to Spain, they will notify the Non-Intervention Committee that they cannot carry out their task while fighting is in progress. Should hostilities [be?] suspended to facilitate their work, it is as-

¹² Not printed.

¹³ Adm. van Dulm and Francis Hemming, chairman and secretary, respectively, of the Non-Intervention Board.

sumed that a formal armistice might develop. The Spanish Government probably will reply to the British note of November 6 during the course of the week.

The Van Dulm-Hemming report apparently envisages the removal of 150,000 foreign volunteers. The cost of its execution is set at pounds 1,500,000 to be borne in equal shares by England, France, Germany, Italy and Russia.

Repeated to Bowers and Paris.

THURSTON

852.00/7009

*Memorandum by Mr. Eric C. Wendelin of the Division of
European Affairs*

[WASHINGTON,] November 24, 1937.

With reference to Thurston's telegram No. 828 of November 23, 7 p. m. regarding reports of an armistice in Spain and rumors of impending reorganization of the Government, the remarks made to me yesterday by Señor Meana of the Spanish Embassy may be of interest.

Referring to the rumors of an armistice, Señor Meana said that he had heard absolutely nothing to indicate that there was any foundation to these rumors. He expressed the opinion that the continued delay in the launching of the much-heralded insurgent offensive may be the principal cause for such rumors arising. In this connection he referred to the press reports from Hendaye two or three days ago to the effect that the insurgents now felt it might be better to postpone their offensive until the expected break-down behind the Government lines occurred. Señor Meana insisted that there was no possibility of such a break-down and that in reality this report, if true at all, merely indicated that the insurgents were postponing their offensive because they realized the serious opposition now confronting them and feared that the offensive would be a failure.

In this connection he asserted that the Government now had a well-armed and well-organized army of about 500,000 men, that the formerly weak Aragon front had been radically reorganized and strengthened, that 1,000 Spanish aviators, trained in France and Russia, were now ready for duty and were in active service and giving a very fine account of themselves, that there were at least three fully equipped aviation repair shops now operating in Government territory, capable of making practically all kinds of repairs to airplanes and motors, and that the production of war materials of all kinds was being steadily speeded up. With reference to the last statement he said that the utilization of all available industrial plants in Cataluña for the pro-

duction of war materials was one of the primary reasons why the Government had moved to Barcelona.

Señor Meana stated that the Government forces were well equipped to carry on the war, with the exception of heavy artillery, in which the insurgents had a marked superiority. With regard to aviation he said that, although the Government's air force was out-numbered, they felt that they could hold their own because of the new facilities for repairing planes, the development of trained Spanish pilots and the apparent fact that the insurgents were not receiving new planes from Germany and Italy in any great number.

Referring again to the delay in the launching of the expected insurgent offensive, he said that the Government was fully prepared to receive it not only on the Madrid and Aragon fronts, but also on the south coast near Almeria. With reference to the latter sector he said that it had been greatly strengthened recently and that there would not be a second *débâcle*, such as that which occurred at Malaga, if the insurgents attempt an offensive along that coast. He also remarked that possibly an additional reason for the insurgents' delay in launching an offensive was the continued resistance of the Asturians in an area south of Oviedo where numerous groups were still carrying on persistent guerrilla warfare.

With regard to the transfer of the Government to Barcelona, Señor Meana insisted that this has had very little demoralizing effect upon the civilian and military population in Government territory. He said that the primary reason for the transfer, aside from the desire to make the fullest use of the potential industrial, economic and military resources of Cataluña, was in fact that Barcelona offered an incomparably better center for the Government's activities. He said that ever since its transfer to Valencia the Ministries have been greatly hampered by the inadequate facilities, especially of communication and housing. He also remarked that the food situation, while serious at Valencia, was not nearly so acute in Cataluña.

Señor Meana expressed the opinion that there was some likelihood of a reorganization of the Government in the near future and said that this reorganization might well take the form of the resignation of two communist members of the Government (Messrs. Uribe and Hernandez—the Ministers of Agriculture and Public Instruction, respectively). He said that the resignation of the communist Ministers would not represent in any way the withdrawal of communist support of the Government, but would be a tactical maneuver actually intended to strengthen the Government in prosecuting the war and in combating extremist elements. He said that with the communists out of the Government, the anarchists and P. O. U. M. would no longer be able to accuse them of controlling the Government to pros-

ecute the latter. The Government would thus be able to take whatever steps might be necessary for the full prosecution of the war, and would be able to maintain that all measures taken by it applied equally to all political parties.

ERIC C. WENDELIN

852.00/7002 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, November 30, 1937—7 p. m.
[Received November 30—3:25 p. m.]

1679. In connection with the radio broadcast by the Franco government yesterday announcing a blockade of the Spanish coasts, we understand from the Ministry of Marine that the French Consul General at San Sebastian notified the French Government that he had been advised by the Franco government that there no longer existed any free access to Valencia and Barcelona, and that it was no longer safe for ships to pass along the east Spanish coast, even within the 3-mile limit.

BULLITT

125.199/58 : Telegram

The Secretary of State to the Consul at Seville (Bay)

WASHINGTON, December 1, 1937—6 p. m.

Your November 20, 9 a. m. In view of continued delay in granting of safe conduct for Chapman's return to Bilbao, he has been authorized to return to the United States on leave, unless before his departure, probably within a week, such permit is granted. Please report as soon as possible result of action promised by General Queipo de Llano.

HULL

852.00/7081

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

No. 1380

ST. JEAN DE LUZ, December 2, 1937.
[Received December 15.]

SIR: In view of the reports to the Department from Valencia and Barcelona of popular dissatisfaction with the allegedly increasing power of the communists in the Government, I have the honor to make the following observations:

The entire Fascist propaganda rests on the pretension that the fight of the Spanish insurgents and the Italian and German allies is to overthrow a communist régime in Spain which does not and never has

existed. I have heard this echoed by the supporters of General Franco among the representatives of American business in Spain. I have cross-examined these as to the basis of their claim that the communists are taking more and more power and without eliciting anything that convinces me that there is any occasion for alarm.

It is because events in Spain recently convince me to the contrary that I consider it my duty to call attention to the facts.

The Government is made up of representatives of all the parties of the Frente Popular, including the communists. The latter have in the Cortes, or had at the beginning of the war, and they certainly have no more now, 17 out of more than 400 members.

They have in the Ministry two members holding posts that are practically inoperative during the war.

The two most important posts during the war are those of Minister of National Defense and Minister of Gobernación who has control of the police and is charged with the preservation of internal order.

Neither of these posts is in possession of the Communists.

The Minister of National Defense is Sr. Prieto who notoriously is hostile to communism, as well as syndicalism and anarchism.

The Minister of Gobernación is Sr. Zugazagoitia who is a lieutenant of Sr. Prieto and stands for the same policies and principles.

I do not understand that a single one of the commanding Generals of the Army is a communist or has any sympathy with communism for Spain.

II

The basis of the claim that the Communists have increased their power within the last few months is that their resignation from the former Government forced the resignation of the Largo Caballero Ministry; and their refusal to pledge support to a new Government headed by Largo Caballero forced his retirement from the Government entirely.

The hostility of the Communists to Largo Caballero is notoriously due to the latter's persistent partiality for the syndicalists and anarchists whose excesses and outrages, particularly in the first months of the war, made for indiscipline, the lack of cooperation and coordination. It must be borne in mind that for four years Largo Caballero's extremism has demanded a "dictatorship of the proletariat", and that he has been feared by all the Republicans and all the friends of democracy in Spain as we understand democracy. Nothing could be more absurd than for moderates to complain over the displacement from the Government of the outstanding apostle of extremism and of a "dictatorship of the proletariat".

Even before the War Azaña quarreled violently with Caballero because of his extreme views and policies. And for a year before the

war the quarrel of Caballero and Prieto was an historic feud, and because of Caballero's extreme views.

There is not a scintilla of doubt that Caballero's removal was dictated by the moderate Republican and Socialist as well as the Communist party.

III

It impresses me as remarkable that just at the time we are hearing so much about the growing power of the Communists and their increasing domination of the Government, the Communists themselves were so dissatisfied with their position that they actually called a meeting of the Executive Committee of the Communist party in Valencia to decide whether they would continue to support the Negrín Government. This conference met on November 12th. In commenting on the significance of the conference, Herbert L. Matthews of the *New York Times*, writing from the front, said:

"As frequently stated in these despatches the political trend in Spain since the war started has been away from extreme radicalism toward moderate republicanism. Within the Popular Front the swing has been toward the Right. Ever since the formation of Premier Juan Negrín's government in May the drift has been further and further toward what would be called the Left Center in the Government of France."

Regardless of the propaganda I know this to be the case.

In commenting on the conference in reporting its action, Mr. Matthews says:

"It was inevitable that the Communists should not fully concur in the policies of men like President Manuel Azaña, Premier Juan Negrín, Indalecio Prieto, and José Giral, Minister of Foreign Affairs, who have always been moderate republicans standing for democracy on capitalistic grounds."

The conference decided that the imperative demand of the hour is the unity of all forces making common cause against the Fascists.

This is all the more significant because while the Communists were meeting in Valencia to determine whether they would continue to support the Negrín Government, President Azaña, with Negrín, Prieto and Giral at his side, was in Madrid making the speech reiterating his well-known determination that the democratic Republic, and that alone, must be the outcome of a loyalist victory. He was aiming directly at communism when he said:

"We have again a Republic. A Republic with its three colors. And nothing more. And while the Republic is presided over by a democrat and a republican there will be no other thing in the Republic."

Thus it is obvious that at the very hour the communists were in conference to determine whether they would continue to support the

Government, Azaña, with Negrín, Prieto and Giral and General Miaja at his side, was serving notice that there would be no surrender to communism.

I am, in view of all these facts, unable to find any justification for the reports about the "increasing power over the Government of the communists".

Respectfully yours,

CLAUDE G. BOWERS

125.199/63 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, December 6, 1937—11 a. m.

[Received December 6—9:47 a. m.]

Department's December 1, 6 p. m. Commanding General Seville returned today. He was astonished to learn upon my call the Military Governor Bilbao has not acknowledged three telegrams addressed to him concerning Consul Chapman's return. In my presence he dictated telegram reprimanding Military Governor for conduct unbecoming a colleague and stated that unless he obtained immediate response his lack of cooperation would be brought to the attention of General Franco. He then directed the telegram be sent authorities at Irun to permit Chapman to proceed freely. General Queipo de Llano requests that Consul Chapman present himself to authorities at Irun and in the event there is again any difficulty to inform this office directly so that it can acquaint the general for further action.

Repeated to Ambassador Bowers.

BAY

125.199/65 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, December 7, 1937—11 a. m.

[Received December 7—9 a. m.]

408. Bay's telegram of December 6, 11 a. m., and 4th paragraph of my telegram No. 407, December 6, 7 p. m.¹⁴

Unless otherwise instructed Chapman will not depart for the United States December 8, 10 p. m. as contemplated but will proceed with further endeavors to obtain permission to return to Bilbao.

BOWERS

¹⁴ *Post*, p. 561.

125.199/65 : Telegram

The Secretary of State to the Ambassador in Spain (Bowers), Then in France

WASHINGTON, December 7, 1937—5 p. m.

B-390. Your 408, December 7, 11 a. m. We approve Chapman's delaying his departure on leave for not to exceed one week. If the necessary permission for him to proceed to Bilbao to reopen the Consulate is not received during that period he should depart on leave next week. We do not believe that it would be desirable for Chapman to "proceed with further endeavors to obtain permission to return to Bilbao", but rather to await developments. We are not disposed to take any further action with respect to obtaining permission of the insurgent authorities.

HULL

711.00111 Armament Control/1582

*Memorandum by the Assistant Secretary of State (Wilson)*¹⁵

[WASHINGTON,] December 8, 1937.

The Spanish Ambassador called this morning at my request. I referred to the communication which he had sent in respect to the arms embargo against Spain.¹⁶ I told him that he had made a legal argument, that we had been examining the problem and that we found that there was a legal argument in reply; we did not for a minute admit that his argument was valid; nevertheless, the thought had arisen in my mind that for us to discuss a legal point might be of an academic nature; the law in respect to Spain had gone through Congress with unusual rapidity, which was evidence of the unanimity of the desire of the American people to keep this country from any participation by arms shipment in the struggle which was going on; my country felt strongly that the prevention of the shipment of arms in case of hostilities was a means of preserving this country from entanglement in difficulties abroad; whatever might be developed by legal discussion would be unimportant compared with the determination of the American public, as shown by the rapid passage of the Act; would it not, therefore, be unfortunate to enter upon a legal debate which might exacerbate the feeling and serve no useful purpose.

The Ambassador replied that he had not brought up our treaty for more than a year during the hostilities for the reason that he had been convinced that public opinion was set so strong that to enter upon argument was futile; now, however, there were signs of a change—

¹⁵ Addressed to the Secretary of State and Under Secretary of State Welles.

¹⁶ Memorandum of November 19, p. 450.

there were the Secretary's speeches, there was the President's speech at Chicago, which gave rise at least to the hope that the United States public was ready to distinguish, in some small degree, between the aggressor and the assaulted; the very fact that the Neutrality Act had not been applied in the Far Eastern conflict seemed to show that the current was setting in the other sense. I replied that however he might analyze the speeches, which to me had seemed to serve the purpose of pointing out to the American people the fact that complete isolation did not guarantee safety, nevertheless, I felt that the American public was still convinced that shipments of arms to a warring faction in Europe brought about dangers which it would be safer not to risk.

The Ambassador replied that he did not give a cent for the legal argument himself, but that there was a political element in his note, that he felt he had to focus attention on Spain's situation and keep alive the hope, however futile, that there would be a change in policy. He then asked me point blank to be honest with him and tell him whether I thought there was any hope of Congress reversing its attitude. I replied that it would not be a friendly act on my part to reply in anything but the most complete frankness, that there was not the faintest hope of such action; that, generally speaking, the country was satisfied with the attitude Congress had taken in respect to the Spanish affair.

The Ambassador said that, in this event, he was going to speak to me in absolute frankness. For the last three or four months during the night the frontiers of France had been open to passage for supplies for the Spanish Government, transit through France had been made exceptionally easy; if there were no possibility of the amendment of the law, was there not a possibility of its application in terms less rigid than in the past? He cited the case of airplanes to Mexico,¹⁷ the haste with which the embargo had been slapped on and a recent case of a pair of armored cars on which shipment had been refused even though they were destined only for the protection of the Chief of State.¹⁸ I replied that I was not aware of the details of the administration, but that I would look up the matter of the armored cars for him and satisfy myself on the point of whether the refusal was mandatory. I said that I would talk to my colleagues about the matter of the application, but that I could hold out no hope that the law was not being administered in the strictest terms and that there was any possibility of deviation from those terms.

As to our note itself, with your permission, I should like to discuss the matter a little further before making a final recommendation.

HUGH R. WILSON

¹⁷ See pp. 564 ff.

¹⁸ See pp. 600-603.

125.199/66 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, December 8, 1937—7 p. m.
[Received December 8—3 : 47 p. m.]

409. Bay's telegram of December 6, 11 a. m. Military Commandant at Irun received Queipo de Llano's telegram urging him to facilitate Chapman's return to Bilbao but regrets that Sangroniz's orders make it impossible to grant the *salvo conducto*. He is calling the General's telegram to the attention of the diplomatic cabinet. Under the circumstances Chapman leaves on the 15th and I shall do no more in the Bilbao matter for the present.

BOWERS

852.00/7054 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, December 11, 1937—noon.
[Received December 11—9 : 55 a. m.]

410. Announcement is made that beginning today and until December 25th the frontier will be hermetically sealed. This indicates the opening of the long delayed offensive.

BOWERS

852.00/7112

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

No. 1384

ST. JEAN DE LUZ, December 13, 1937.
[Received December 23.]

SIR: I have the honor to announce that on Friday, December 10, representatives of the Basque Government called upon me to report that four hundred of the soldiers who surrendered to the Italian army at Santoña on written terms of capitulation, guaranteeing their lives, have been taken by boat to Bilbao. Some time has passed since they were condemned to death, and it is feared that their removal now is a preliminary to their early execution.

I know of nothing during the war so atrocious and contemptuous of the laws of war and the common instincts of humanity as the treatment of the Basques after the surrender on the terms agreed to in the capitulation. Considering all the circumstances, the utter helplessness of the Basques to find channels through which to convey their protests is pitiful and in this age almost incredible. They complain that despite the clear violation of the laws of civilized warfare they

can find no nation that will transmit their appeal to Rome for the enforcement of the terms of surrender.

Thus far they have shown almost superhuman restraint in the public use of their written evidence of the perfidy to which they have been subjected. They have not given the terms of the capitulation to the press. This they have withheld lest its publication endanger the lives of the hostages demanded by the Italian army as a prelude to the negotiations. But the hostages have now been shot. The Basques are now afraid to give publicity to these executions lest the lives of hundreds of Basque prisoners be imperiled, and now four hundred have been sent to Bilbao.

These Basques are a simple, honest, contract-respecting Christian people utterly incapable of understanding the psychology of their enemies, and just as they were deprived of arms to defend themselves when attacked, they now find themselves deprived of the means of reaching their conquerors with appeals for the observance of the terms of capitulation.

Respectfully yours,

CLAUDE G. BOWERS

852.00/7125

The Ambassador in Cuba (Wright) to the Secretary of State

No. 374

HABANA, December 20, 1937.

[Received December 27.]

SIR: I have the honor to refer to despatch No. 260 of November 1, 1937,¹⁹ and previous correspondence concerning the communication addressed by the Cuban Government to the various American Governments proposing a joint mediation in the Spanish conflict, and to report that very little has appeared in the local press about this matter since it was first announced. Besides publishing the text of the American Government's reply, the press up to now has only carried brief items concerning the replies of Bolivia, El Salvador, Haiti, Mexico, Nicaragua and Paraguay. The Embassy has noted, through receipt of a copy of the despatch in question, that the text of the Nicaraguan reply has been transmitted to the Department by the Legation at Managua.

The newspaper items regarding the replies of the other countries mentioned were, in summary, as follows:

Bolivia: The Bolivian Government replied that "unfortunately the war in Spain has developed to such an extent and has involved so many interests that any initiative, however generous it might be, runs the risk of not encountering circumstances conducive to its success, thus compromising to no useful purpose the principle of non-

¹⁹ Not printed.

intervention in internal affairs which is so dear to the American tradition. Even though in the judgment of this Government the nations represented on the Committee of London are those best suited to attain that noble objective, I beg Your Excellency to inform your Government that the Government of Bolivia is disposed to support its initiative in accordance with an elevated concept of international solidarity, provided that the other Governments of the continent reach an agreement with respect to joint action."

El Salvador: A press item on December 3 reported merely that the Cuban Undersecretary of State had announced the receipt of a cable from the Foreign Minister of El Salvador congratulating the Cuban Foreign Minister on his proposal.

Haiti: A brief press item on December 5 reported that the Haitian Government had replied favorably to the Cuban proposal and had suggested that Habana be chosen as the site for a conference of representatives of the American Governments to work out a formula.

Mexico: The press on November 7 carried the text of the Mexican reply, the pertinent portion of which was: "...the Government of Mexico considers that to submit invitations simultaneously to the Constitutional Government of Valencia and to the insurgent faction would be to compare improperly a legitimate government with which Mexico carries on relations and which is internationally recognized with those elements which are in rebellion against its authority. This being so, the Government of my country, while reiterating its sentiments of complete friendship for the Government of Cuba, regrets that it cannot participate in the suggested conference..."

Paraguay: On October 28 a news item from Asunción published in the local press reported that the Paraguayan Foreign Office had made a negative reply to the Cuban communication, pointing out that the Paraguayan Government had always pursued a consistent policy of non-intervention in European affairs.

Respectfully yours,

For the Ambassador:
WILLARD L. BEAULAC
First Secretary of Embassy

852.00/7089 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, December 20, 1937—noon.
[Received December 20—10:40 a. m.]

417. Conversation with one in position to know corroborates the general report of a serious anti-Franco conspiracy to remove him by assassination. Important papers and money reported missing from Salamanca. Many arrests reported. Closing of frontiers associated

with disappearance of papers. Identity of conspirators carefully guarded but believed to be the Falange or [omission?] army officers.

BOWERS

711.00111 Armament Control/1582

The Secretary of State to the Spanish Ambassador (De los Ríos)

WASHINGTON, December 21, 1937.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note No. 137/12 of November 19, 1937, in regard to the application of the provisions of the Joint Resolutions of January 8 and May 1, 1937, to the civil strife now taking place in Spain. I note that you register a formal protest against these two Joint Resolutions on the grounds, first, that the embargo on the export of arms, ammunition, and implements of war to Spain conflicts with Article II of the Treaty of Friendship and General Relations between the United States and Spain, signed at Madrid July 3, 1902, and, second, that the embargo contradicts the right of a legitimate government to acquire from other countries the means of self-defense.

The legal aspects of the question which Your Excellency raises in your note were touched upon in your recent discussion of the matter with Mr. Wilson²⁰ and I shall not revert to them at this time. I shall be glad, however, to give them further consideration if you feel that further discussion of those aspects of the matter is necessary.

In regard to Your Excellency's second point, I can only invite your attention to the fact that, due to the troubled state of the world and to the well-known desire of this Government to keep this country out of war, this Government has in the past two years, under specific provisions of law enacted by the Congress, pursued a policy of refusing to permit the export of arms, ammunition, and implements of war to warring nations. This policy was, under the terms of the Joint Resolution approved May 1, 1937, extended by the Congress to apply to states engaged in civil strife when that civil strife "is of a magnitude or is being conducted under such conditions that the export of arms, ammunition, and implements of war from the United States to such foreign state would threaten or endanger the peace of the United States". The determination as to when a state of civil strife is of such a magnitude or is being conducted under such conditions is one which rests, under the terms of the law, with the President. Moreover, I must most definitely state my conviction that the question of the control of the export of arms, ammunition, and implements of war from the United States to foreign countries is a domestic question to

²⁰ See memorandum by the Assistant Secretary of State, December 8, p. 463.

be decided by this Government alone on the basis of the probable effect of such control upon the fundamental policies of the Government, to wit, by every legitimate means to keep this country out of war and to avoid interference of any kind in the internal affairs of other nations. This Government does not concur in the thesis that it is obligated under international law to provide arms to either or both of the parties to a war or a civil conflict.

In view of all these facts and circumstances, I am unable to accept Your Excellency's contention that the Joint Resolutions of January 8 and May 1, 1937, may be made the basis of a protest by a foreign government upon the grounds cited.

Accept [etc.]

CORDELL HULL.

II. PROTECTION OF LIVES AND PROPERTY OF AMERICANS AND OTHER NATIONALS²¹

852.2221/190

The Consul General at Barcelona (Perkins) to the Secretary of State

No. 180

BARCELONA, January 8, 1937.

[Received January 25.]

SIR: With reference to my despatch No. 174 of January 5, 1937, entitled "Foreign Volunteers in the Spanish War",²² I have the honor to state that I am reliably informed that within the past two days there have passed through Barcelona coming from France, two contingents of American volunteers. The first consisted of 60 Americans, divided into two groups of equal number, each group carrying an American flag. On the following day, a further sixteen volunteers arrived. All of these were sent onward toward the front on the day of their arrival in Barcelona. To the person who inquired their reason for coming to Spain, the reply was made that they had come to fight for their principles. So far as I am aware, these have been the first American volunteers, apart from a few scattered individuals, to come to Spain during the present civil war.

I am uninformed whether any of these Americans, some of whom were under age, possessed American passports. It would not be necessary for them to have such passports in order to enter Spain to "join up". A short time ago, I read that such a group had sailed from New York and that several hundred more purposed to leave for Spain.

None of these "volunteers" appeared at the Consulate General; but, in view of the hardships which they will soon undergo, I am appre-

²¹ Continued from *Foreign Relations*, 1936, vol. II, pp. 626-785.

²² Not printed.

hensive that some of them will be calling for assistance in the not distant future. I should be glad to be informed of the Department's general attitude toward the question of expatriation and loss of the right of protection of American citizens enlisting in the loyalist armies. I am not informed whether any oath of allegiance is required, but I doubt if such is the case. A telegraphic instruction would be appreciated.

Respectfully yours,

MAHLON F. PERKINS

124.52/168 : Telegram

The Third Secretary of Embassy in Spain (Wendelin) to the Secretary of State

VALENCIA, January 9, 1937—7 p. m.

[Received 9 : 52 p. m.]

X-444. Situation of Embassy and refugees at Madrid is source of serious concern in view of recent air bombing of so-called neutral zone until now respected by rebels. In air raid last evening numerous incendiary and explosive bombs were dropped in the Embassy area. Several explosive bombs landed in street outside British Embassy and incendiary and explosive bombs on British Embassy annex and building housing Consulate. British Embassy custodian and an Englishwoman slightly injured. Repetition of such bombing altogether likely since Government is using area for military purposes. Embassy custodian reports Government artillery now firing from point half a mile distant.

There are now 34 American nationals in the Embassy plus 88 Spanish guards, employees, servants, and their wives and children. Problem of feeding these people is becoming acute as only certain of the Americans are contributing to cost of food which is very scarce and increasingly high in price. International Banking Corporation Manager at Madrid has advanced some 4000 pesetas to buy food as otherwise reserves would be completely exhausted with no possibility of replenishment. Thus far Embassy employees have not been called upon to contribute to cost of food.

I would appreciate the Department's opinion and instructions regarding best solution of food problem and possible necessity of evacuating Embassy entirely if progress of fighting makes this necessary. Madrid military authorities are understood to have ordered compulsory evacuation from city of all women and children and aged non-combatants. If evacuation of people in the Embassy becomes necessary principal problem would be transportation and what disposition to make of Spanish employees and their families.

WENDELIN

124.52/168 : Telegram

*The Acting Secretary of State to the Third Secretary of Embassy
in Spain (Wendelin)*

WASHINGTON, January 10, 1937—6 p. m.

240. Your X-444, January 9, 7 p.m. We feel that you should emphasize again to the American nationals in the Embassy premises that they remained in Madrid contrary to our advice and upon their own responsibility. Events of the last few days make it clear that they are subjecting themselves to the most serious personal danger. The general evacuation of civilians ordered by the Government will probably be followed by an intensification of military activity with even greater dangers to noncombatant. Moreover, the food supply in the Embassy premises is almost exhausted.

In the circumstances, if facilities are available to permit the Americans in Madrid to depart for a place of safety, you should immediately urge them to do so without delay. If such facilities are not available, please discuss with the appropriate authorities the matter of their providing facilities to accommodate those Americans who can be persuaded to depart from Madrid.

We are giving consideration to your suggestion to close the Embassy premises and will instruct you later regarding this question. Can you ascertain informally whether the Spanish authorities could provide facilities to transport our Spanish employees and their families to Valencia, in addition to the American nationals, if we decide to close the Embassy premises.

In the meantime, since important developments may occur suddenly, we desire to give you full discretionary authority in connection with closing the Embassy premises if you feel that an emergency should be met without time to communicate with us.

We should be glad to have any further suggestions or recommendations which you may have in connection with this matter.

MOORE

852.00/4327 : Telegram

*The Acting Secretary of State to the Consul General at
Barcelona (Perkins)*

WASHINGTON, January 13, 1937—7 p.m.

Your January 11, 5 p.m.²³ We have had until now no information that Americans in any considerable number were taking part in the present civil strife in Spain. In the circumstances you may deem it

²³ Not printed; it confirmed the report contained in his despatch No. 180, January 8, that 76 American volunteers had recently passed through Barcelona. coming from France.

advisable to bring the provisions of Section 5282 Revised Statutes of the United States (Title 18, section 22 United States Code) and Section 2 of the Act of March 2, 1907,²⁴ to the attention of such Americans as you may have reason to believe are contemplating entering the military service either of the Spanish Government or of the Spanish insurgents. You may point out to these persons also that the enlistment of American citizens in either of the opposing forces in Spain is unpatriotically inconsistent with the American Government's policy of the most scrupulous non-intervention in Spanish internal affairs.²⁵

MOORE

352.1115/2844 : Telegram

The Third Secretary of Embassy in Spain (Wendelin) to the Secretary of State

VALENCIA, January 18, 1937—10 a.m.
[Received 12:55 p.m.]

X-458. Department's telegram No. 240, January 10, 6 p.m. Americans in Embassy have been reminded again that they are remaining in Madrid contrary to the advice of their Government and upon own responsibility and again urged to leave as means of transportation would be furnished by authorities if necessary. Following only have declared desire to be evacuated:

[Here follows detailed information concerning two women and two children to be evacuated.]

If it should become necessary to close the Embassy Spanish authorities would provide facilities to transport our Spanish employees and families to Valencia if such facilities then available. At present lack of gasoline is greatly restricting road transportation. Finding quarters for employees at Valencia would be extremely difficult as city is very overcrowded. If such action should become imperative question of their maintenance must also be considered.

Situation at Madrid has been quiet for past week with no further bombing of neutral zone or other serious developments. While scarce, food is still obtainable and people in the Embassy are not in any immediate danger of acute shortage.

WENDELIN

²⁴ 34 Stat. 1228.

²⁵ By Department's telegram No. 33, January 22, 7 p.m., the Ambassador in France was instructed to inform all American diplomatic missions and supervisory consulates in Western Europe that the Department desired them and the officers under their supervision to take the same action with regard to the participation of American nationals in the civil strife in Spain (852.2221/179).

852.00/4407 : Telegram

The Consul General at Barcelona (Perkins) to the Secretary of State

BARCELONA, January 18, 1937—noon.

[Received 1:50 p.m.]

Yesterday personally observed contingent of American, German and English volunteers. Americans numbering about 40 headed the column and carried a red flag marked American battalion.

As circumstances may render advisable statutes named in the Department's January 13, 7 p. m., will be brought to the attention of American citizens.

PERKINS

852.2221/179 : Telegram

The Consul at Havre (Wiley) to the Secretary of State

HAVRE, January 20, 1937—9 a.m.

[Received 1:20 p.m.]

Forty persons, of whom 20 American citizens recruited in the United States for Spanish Government forces, disembarked from steamship *Lafayette* 18th and about 100 expected to arrive steamship *Paris* 23rd. Will begin stamping "not valid for travel in Spain" on all passports passengers disembarking not so stamped. Full report by mail follows.²⁸

WILEY

852.00/4436 : Telegram

The Consul General at Barcelona (Perkins) to the Secretary of State

BARCELONA, January 21, 1937—1 p.m.

[Received 7 p.m.]

My January 18, noon. Personally observed further contingent of foreign volunteers including group of about 20 Americans carrying red flag inscribed Abraham Lincoln Battalion. Suggest descriptive details of reports from this office regarding volunteers be kept confidential.

January 18 Russian commercial steamer arrived Barcelona bringing approximately 900 tons of wheat flour, 900 sugar, 570 butter, also 12 cases of presents from children Moscow to children Barcelona.

PERKINS

²⁸ Not printed.

852.00/4624

*The Consul General at Barcelona (Perkins) to the
Secretary of State*

No. 199

BARCELONA, January 22, 1937.

[Received February 8.]

SIR: I have the honor to refer to my despatch No. 194 of January 19, 1937,²⁷ and to the Department's Radio Bulletin No. 13 of January 18 [19], 1937, in which appears the following report:

"Ambulance Unit. An American ambulance corps sailed on the French Liner *Paris* today en route for service with the Spanish Government. It was reported to consist of 16 men and women 4 ambulances and \$30,000 worth of medical supplies and equipment for a 50 bed hospital."

If the American citizens concerned are, as stated, actually proceeding "for service with the Spanish Government", I cannot see that the humanitarian nature of the service would render them immune from any penalties to which they might be liable under the provisions of the statutes mentioned in the Department's January 13, 7 p.m., or that their conduct would be any the less inconsistent with the American Government's policy of the most scrupulous non-intervention in Spanish internal affairs. Should it be felt, however, that such Americans are entitled to any more considerate treatment by this office than Americans bearing arms in the service of the Spanish Government, I should much appreciate receiving an expression of the Department's attitude toward a matter which may possibly become a somewhat perplexing practical question.

With regard to this general subject, I may say that this office has already forwarded a few letters to two or three individual Americans in the service of the Spanish Government. With the arrival of a considerable number of American volunteers in Spain, it is possible that the extension of such a courtesy might develop into the transmission of a considerable volume of mail matter. I am inclined to the view that the forwarding of mail to American volunteers in Spain would, in effect, be a form of support to activities which the American Government discountenances and would tend to stultify its policy of complete non-intervention. Unless we are prepared to maintain a consistent attitude of disapproval toward those who defy the injunctions of the American Government to abstain from interference with the internal affairs of this country, we shall to that extent impair the attainment of our objective which, as I see it, is to minimize the possibility of incidents calculated to embroil us in the civil dissensions of Spain.

Respectfully yours,

MAHLON F. PERKINS

²⁷ Not printed.

852.00/4469 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, January 23, 1937—4 p.m.

[Received 8:25 p.m.]

X-468. Ugarte²⁸ informed me yesterday afternoon that he had received notice from the local authorities that, pursuant to instructions from the Government in Valencia, the Embassy guards would be replaced by new men. This morning he informed me that the new guards are already on duty but that the old ones still remain in the Embassy.

In view of the policy heretofore followed (see Embassy's 356 [X-354], September [November] 26, 2 a.m.²⁹ and X-347, September [November] 24, 7 p.m.³⁰) of endeavoring to retain the original guards I took up the matter orally with the Secretary General of Foreign Office this morning. He assured me that he will endeavor to have the old guards retained but appeared to feel that it may not be possible. From the Government's point of view there are two reasons for changing guards at the numerous Foreign Missions in Madrid: (a) Because the sinecure enjoyed by them arouses resentment among men of the same force serving in the fighting lines, and (b) because (and this, of course, does not apply to us) guards serving too long at Missions harboring large numbers of refugees are in danger of being weaned away from their allegiance.

Your 250, January 22, 4 p.m.³¹ Having learned from Ugarte that the guards of the Commercial Attaché's office had not been restored I also requested that an adequate guard be reestablished and received assurances that it would be restored immediately.

THURSTON

852.2221/190 : Telegram

The Secretary of State to the Consul General at Barcelona (Perkins)

WASHINGTON, February 1, 1937—6 p.m.

Your despatch 180.³² Department advised by Embassy April 11, 1934 that persons entering Spanish Army required under circular order of May 6, 1931, of the Minister of War to promise fidelity to flag. This promise is regarded as oath of allegiance within meaning first paragraph Section 2 Act of March 2, 1907. In absence of evidence to the contrary, it must be assumed that promise was adminis-

²⁸ Custodian of the Embassy at Madrid.

²⁹ *Foreign Relations*, 1936, vol. II, p. 777.

³⁰ *Ibid.*, p. 776.

³¹ Not printed.

³² January 8, p. 469.

tered by Spanish officer charged with that duty. Should it be definitely ascertained that promise was not administered protection should not be extended to citizen who entered army without first presenting to Department facts regarding entry and conditions under which request for protection is made.

HULL

352.1115/3000

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

No. 1251

ST. JEAN DE LUZ, February 2, 1937.

[Received February 15.]

SIR: I have the honor to report that I note in the press that the Department is considerably concerned over the persistent sojourn of numerous Americans, half Filipinos and Porto Ricans, in the Embassy in Madrid. I share in this concern. I have assumed that in cases where Americans are in danger it is our duty to give them refuge in the Embassy, but only until arrangements can be made for their evacuation. All now in the Embassy have been importuned time and again to avail themselves of the opportunity to leave. I am firmly convinced, now that the more substantial element of Americans has gone, that those remaining have no other thought than of remaining in the Embassy with free bed and board as long as the war lasts. I cannot conceive that it is our duty to keep them indefinitely.

There are other phases, however, that concern me. I am afraid that among those now in the Embassy are a few at least who are not desirable from the viewpoint of preventing any sort of incident. Confidentially, among the poorer Porto Ricans are some who during the two months preceding the rebellion followed a Porto Rican communist about cheering his denunciations of American rule in Porto Rico and denouncing ours as a plutocratic nation. These were among the first to claim the protection of the Embassy. These are potential mischief makers.

I know of one instance where a young Jewish communist and his father or family were in the Embassy. Recently all left but the son who said that he preferred to stay "and see it out".

There is another case of a man who has taken refuge in the Embassy because he fears for his life on account of his pronounced monarchistic leanings. He is a Filipino. We recently made a fight and had his son released after his arrest because of his active membership in the fascist organization.

Thus we have monarchists, communists, probably fascists, all enemies of the Spanish Government and also of American institutions and ideals, and I am concerned lest in the final stages of the struggle

some of these commit some offense which may turn the fury of either the loyalists or insurgents against the Embassy. One shot, one stone from the Embassy grounds might involve us in serious trouble.

I am told that the man in charge at the Embassy is a good and reliable man but I am wondering if in case of trouble he will have the authority to control all our boarders.

There is still another phase: The Government has asked for the evacuation of all noncombatants from Madrid to the end that the food may be conserved for the fighting forces. We are sending one of our men into the country in a car to forage for food and thus we put ourselves in a sense in competition with the Government which needs the food for the soldiers.

It has been suggested to me by some of my colleagues that we might well fix a date sufficiently in advance for the closing of the Embassy to all but the caretaker, the one man with a connection with the Embassy staff. That would be well if all who are now in the Embassy can be removed from the city. In view of the character of some of these, as I see it, it might be dangerous to turn them loose in Madrid, since in resentment they might circulate falsehoods among the populace and work up a feeling against us and the Embassy.

The property we occupy, one of the most valuable in the city as to house and furnishings, including seven Goyas and other works of art that are not tied down, is not ours. We are responsible for damages to the property from within. I often cringe over the possibilities in the contemplation of the character of some of the people who almost certainly are there.

The Department may wish my views in determining what it will do in the matter. The more we can get out through pressure the better, even though we do not close the Embassy. I have known some "Americans" in Madrid I would not trust in a room with a peseta lying about, and I am afraid that some of this type are there now. I may be unduly concerned and may do an injustice to all who are in the Embassy now, but we have been so successful to keeping out of incidents through our rigid neutrality that I am most anxious that nothing occur in the last stages to mar the record.

Respectfully yours,

CLAUDE G. BOWERS

852.00/4772

The Consul General at Barcelona (Perkins) to the Secretary of State

No. 217

BARCELONA, February 4, 1937.

[Received February 20.]

SIR: I have the honor to refer to my telegram of February 1, 1 p. m.,³³ concerning the arrival in Barcelona of the American ambulance unit

³³ Not printed.

which crossed on the steamship *Paris* and to state that the local press reports that this unit has now left for Valencia in order to proceed for service at the front with the Government forces. None of the members of the unit have thus far called at this Consulate-General and there has been no contact with them of any kind to date.

According to press reports the ambulance unit was sent by the "Popular Front of the United States" through the medical bureau of the Friends of Spanish Democracy. It was stated by Dr. Edward Basky, who appears to be spokesman for the expedition, that the organization known as Friends of Spanish Democracy is represented in every state of the Union and was founded as a result of the popular enthusiasm engendered by Sra. Isabel de Palencia and Sr. Marcelino Domingo during a speaking tour of the United States. He stated that the medical bureau of this organization had been established only two months ago.

The members of the unit were received with great enthusiasm and were tendered a banquet at which the principal speakers were Jaime Miravittles, Commissary of Propaganda of the Generalidad, Dr. Durán y Rosell, in the name of the Council and of the Counsellor of Defense, and Dr. Basky, on behalf of the American contingent. The hope was expressed and encouraged that there would be other sanitary units to follow in the future.

The equipment consists of four complete ambulances with radio sending and receiving apparatus and heaters.

There is also enclosed as of possible interest to the Department a picture recently published in the local press regarding the recruiting of volunteers in the United States for the Spanish Government forces, the caption of which may be translated as follows: "In spite of the decree forbidding it, and doubtless because Mr. Roosevelt is inclined in favor of the combatants of the Republic, there is functioning in New York a recruiting office of true volunteers to round out the Popular Army in Spain. The poster on the wall of the office reveals the enmity the American people feel against nazism, represented by a blood-stained hatchet."

Respectfully yours,

MAHLON F. PERKINS

352.1115/3018 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, February 18, 1937—5 p.m.

[Received February 18—10:30 a.m.]

X-510. The Embassy at Madrid requests that it be furnished the following supplies, based on the requirements of 100 persons for 2 months: "360 pounds corned beef large sizes; 336 red salmon; 100

bacon; 150 pounds each codfish, sauerkraut, macaroni, dried peaches, apricots, prunes, navy beans, lentils, garbanzos, sugar; 240 cans tomatoes; 30 cans each cornstarch, tapioca”.

The Military Attaché, who recently visited Madrid, states that the situation in the Embassy with respect to food supplies is not satisfactory and that the articles listed are necessary.

There are at present 28 American nationals in the Embassy, classified as follows: “6 newspaper correspondents; 1 resident (Captain Cannaday); 12 Puerto Rican and Philippine adults; 9 minor children of above.”] The 73 non-nationals are classified as follows: “1 Dane (acting manager International Banking Corporation); Embassy and related employees and families, 40 adults 5 children; servants of absent American residents, 7 adults, 4 children; guards 16.”]

A statement submitted to me by the International Banking Corporation implies that only one-third of the occupants pay for subsistence and that the resulting deficit is being met by the bank for the account of the “State Department or Red Cross fund”. I am not informed with respect to the authorization for such expenditures. The amount due the bank as of January 31 was approximately 13,000 pesetas.

The alternative to the existing situation is to close the Embassy and bring its occupants to Valencia, a difficult procedure both as to transportation and accommodations in this overcrowded city where the necessity for their maintenance would continue. Moreover, such a move would, I believe, provoke adverse criticism on the part of the American press, while in the event of the fall of Madrid it presumably would be desirable to have our Embassy occupied even though only in the charge of a custodian.

If the supplies requested are to be furnished they should be delivered at Valencia by a naval vessel. Transportation to Madrid can be effected by motor. To facilitate this, as well as other official travel it is [requested?] that 150 gallons of gasoline in 50-gallon drums be supplied at the same time.

THURSTON

852.2221/243 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, February 19, 1937—1 p.m.
[Received February 19—12:05 p.m.]

242. With reference to the Department's [my] telegram 89, January 22, 2 p.m.,⁸⁵ the President of the Republic yesterday signed a decree prohibiting (1) any French citizen from entering the service of armed forces in Spain or its possessions including Morocco, (2) all

⁸⁵ *Ante*, p. 231.

enrollment or recruiting for such service on French territory, (3) any person either French or foreign with the exception of Spanish from leaving French territory for such a purpose, (4) passage in transit across French [territory] of such volunteers.

A further decree by the Ministers of Foreign Affairs and Interior (1) rules that French passports are not good for Spain or its possessions including Morocco, (2) prohibits any one with the exception of Spaniards from crossing the frontier into Spain unless their passports have special visa for such passage given by the French authorities.

Another decree by the Ministers of Foreign Affairs, Interior, Air, Public Works and National Economy (1) provides that no French company may sell tickets for rail, steamer, or air transportation into Spain except on presentation of a passport duly visaed for such travel, (2) prohibits flying within 10 kilometres of the Spanish border except by regular commercial air lines. Copies to London, Rome, Berlin, Geneva.

BULLITT

352.1115/3018: Telegram

*The Secretary of State to the Counselor of Embassy in Spain
(Thurston)*

WASHINGTON, February 20, 1937—11 a.m.

265. Your X-510, February 18, 5 p.m. Wendelin in his X-348 November 24, 4 p. m.³⁶ discussing certain details of the closing of the Embassy premises stated "It is assumed that American nationals deciding to remain in the Embassy will have to pay cost of food and other necessary supplies. All other missions have from the first required refugees to pay for meals. British Embassy charges 5 pesetas for food and some other missions considerably more." The Department in its 206 November 25, 6 p.m.³⁶ replied that it felt that American nationals remaining in Madrid of their own volition should furnish their own food. The Department made no arrangement for the feeding of our employees and guards following the withdrawal of the American staff other than to suggest that the food supplies then remaining, estimated by Wendelin as sufficient to last 100 persons 3 weeks, should be reserved for the use of employees and guards. No authority has therefore been granted anyone to arrange with the International Banking Corporation to purchase food for the persons who have taken shelter in the Embassy either for the account of the Department or the Red Cross fund and no funds are available to meet expenditures for such purpose. If the supplies left in Madrid by Wendelin have been exhausted the Department is willing to authorize the Embassy custodian to purchase food supplies locally for

³⁶ Not printed.

the 16 guards but for no other persons. We consider it wholly impracticable to attempt to send supplies to Madrid from the outside. The Embassy premises will remain open as a place of refuge but we cannot assume any obligation to feed the persons who avail themselves of its shelter.

HULL

852.00/4760 : Telegram

*The Secretary of State to the Ambassador in Spain (Bowers),
Then in France*

WASHINGTON, February 23, 1937—7 p.m.

B-130. We do not feel that any of our naval vessels should visit Spanish northcoast ports except in a grave emergency. In the light of General Franco's denial that the civil population has been ordered to evacuate Bilbao or that such a measure has ever been contemplated, we are not of the opinion after most careful consideration of the situation described in your despatch 1250 of February 2 and your telegrams 215 and 217 of February 18 and February 22⁸⁷ that such an emergency exists at this time. Neither the cases of Manuel Ynchausti, Radio Films S. A. E., nor Chapman's⁸⁸ desire to supply our Spanish staff with extra food are considered in themselves sufficient warrant for a visit to Bilbao at this time while with regard to the other cases it is noted that some are located in the Vigo district which is perfectly quiet, some in Burgos province which is likewise quiet, some are at Gijon where previous visits have been fruitless and which Chapman recommends against visiting, some cannot be reached because behind the Oviedo fighting line, in other cases the address is not known, and in the case of one group it is estimated that 2 or 3 days would be required to find and bring them out.

With reference to the statement in paragraph 2 of your despatch 1250 that Consul Chapman has just been informed that there are as many as 20 persons now in and around Santander who wish to be evacuated, it is noted that Chapman in his despatch No. 1 of January 27⁸⁹ states "The most of the people who appeal for evacuation are not entitled to be evacuated under our rule against evacuating Spanish nationals". Chapman also points out that although on past occasions the number of the appeals for help had led him to believe that 50 or 60 people would be evacuated the response was negligible when a visit was actually made. It also appears from Chapman's despatch that the American nationals who request evacuation from this area are Filipinos, Puerto Ricans and persons of Spanish origin who have strong local ties and

⁸⁷ None printed.

⁸⁸ William E. Chapman, Consul at Bilbao.

⁸⁹ Not printed.

who wish to be evacuated if some extremely dangerous situation should arise but cannot be induced to depart before such time. Chapman several times emphasizes his failure to evacuate any refugees in such cases even when several days were spent in port. All Americans in Spain have repeatedly been urged to depart and this Government has made every effort to provide them with the means to do so. It has been pointed out to these persons a number of times that American naval vessels might not always be available to evacuate them and we do not feel therefore that we should send one of our naval vessels into the northcoast ports while the danger from drifting mines persists unless a serious emergency makes such action absolutely necessary. Similarly we do not feel that a motor trip from St. Jean de Luz would be warranted since the persons whom it might be possible to reach by this means appear to be in no immediate danger.

HULL

852.00/4785 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, February 24, 1937—noon.

[Received February 24—10 a.m.]

219. Department's No. B-130, February 23, 7 p.m. Our purpose has been to comply with the Department's instructions to evacuate some and report on others and in my despatch 1250 ⁴⁰ I indicated the only ways the Department's instructions can be complied with. Our previous trips since mine in early August have been too hurried to transact business properly or to assemble our people which explains my recommendation that a week be given. Chapman and myself have been in agreement on all these points. There is no danger to those in Nationalist territory unless the Government takes the offensive in those quarters. My impression is that there is more danger to our ships if we wait until a "grave emergency" exists than if we clean the slate before such emergency comes. Of course, however, we shall await further instructions regarding the cases referred to us by the Department.

BOWERS

352.1115/3046 : Telegram

The Consul at Valencia (Davis) to the Secretary of State

VALENCIA, February 24, 1937—6 p.m.

[Received 6:35 p.m.]

A . . . C. R. . . , departmental passport 362,797, deserter from the Spanish Army, has applied to the Consulate for protection and assistance in returning to the United States. He has not been arrested

⁴⁰ February 2, not printed.

but may at any moment. He declares he did not take oath of allegiance or other promise. He is in great danger. Please instruct as to protection.

DAVIS

352.1115/3046 : Telegram

The Secretary of State to the Consul at Valencia (Davis)

WASHINGTON, February 25, 1937—6 p.m.

Your February 24, 6 p.m. If R . . . is arrested inquire of the appropriate authorities without delay what penalty is likely to be imposed and telegraph report. If you have reason in such case to believe that summary action might be taken endeavor to induce local authorities to postpone action until you can receive instructions from Department.

HULL

352.1115/3058 : Telegram

The Consul at Valencia (Davis) to the Secretary of State

VALENCIA, February 26, 1937—1 p.m.

[Received 4:09 p.m.]

Referring to Department's telegram, February 25, 6 p.m., R . . . is now staying at Consulate. Being a deserter he is in great danger. If turned out in all probability the Consulate will know nothing about his arrest until it is too late. Rapid solution of the problem desirable.

DAVIS

124.52/182a : Telegram

*The Secretary of State to the Counselor of Embassy in Spain
(Thurston)*

WASHINGTON, February 26, 1937—7 p.m.

271. In view of the repeated bombardments of Valencia which have lately taken place and press reports of an insurgent drive toward Viver we again emphasize that it is not our desire that our officers and staff should be exposed to unnecessary danger and that in such case we shall expect you not to hesitate to withdraw to a place of safety with the Embassy and Consulate staff and such remaining Americans as may wish to accompany you.

HULL

852.00/4624 : Telegram

The Secretary of State to the Consul General at Barcelona (Perkins)

WASHINGTON, February 27, 1937—2 p.m.

Your despatch 199, January 22. If members ambulance unit referred to form part of military forces they should be treated in same manner as members armed forces. If merely attached to military

forces in performance service humanitarian nature distinction may be drawn between them and members armed forces. However, should any person referred to your despatch apply your office for protection and assistance, facts should be presented to Department by telegraph. Under no circumstance should letter be forwarded through you to any person in or attached to military forces.

HULL

352.1115/3058 : Telegram

The Secretary of State to the Consul at Valencia (Davis)

WASHINGTON, February 27, 1937—2 p.m.

Your February 26, 1 p.m. As long as R... remains in Spain there would appear to be nothing that we can do for him other than to endeavor to ensure that the Spanish authorities do not impose upon him an unduly severe punishment in the event that he is arrested.

HULL

352.3715/29 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, March 2, 1937—5 p.m.

[Received 7:40 p.m.]

X-520. The Cuban Chargé d'Affaires at Madrid has addressed an oral message to me inquiring whether the refugees now in his Embassy may be evacuated from Valencia to Marseille on an American naval vessel. He is also taking up the matter with the Secretary of State at Habana.

I sent word to the Chargé d'Affaires that I would refer his request to the Department, but pointed out that we maintain no vessels in Spanish waters and that of the few otherwise available not all are suitable for such work.

There are 450 refugees in the Cuban Embassy. They will be evacuated in groups of 50 or 60. Women, children, and men over military age will be sent out first. Refugees of military age will remain in the Embassy pending the result of negotiations looking to their continued residence in France.

THURSTON

352.3715/29 : Telegram

The Secretary of State to the Counselor of Embassy in Spain (Thurston)

WASHINGTON, March 3, 1937—6 p.m.

273. Your X-520, March 2, 5 p.m. For our information should the Cuban Government take the matter up with us please ascertain and

telegraph the nationality of the refugees in the Cuban Embassy and how many of them are Cuban citizens. It has been our consistent policy to decline to evacuate Spanish nationals on American naval vessels except certain relatives of American citizens.

With reference to the last paragraph of your telegram what if any arrangements have been made by the Cuban authorities for the entry into and residence in France of the refugees including those not liable to military service.

HULL

352.3715/30 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, March 4, 1937—1 p.m.
[Received 1:35 p.m.]

X-527. Department's 273, March 3, 6 p.m. Clerk of Cuban Embassy now in Valencia states that approximately 200 of the refugees mentioned are Cubans whose documents are in good order. The remaining 250 are Spaniards. He states also that negotiations are in course between Cuban and French Governments with respect to general subject of entry into and residence in France and specific subject of controlled residence of Spaniards of military age. Negotiations on the latter point likewise are in progress with Spanish Government which may decline to recede from its stand that such persons must be taken to country whose mission afforded asylum.

The Spanish Government apparently insists that the evacuation of refugees in foreign missions in Madrid shall be effected in groups of about 50, and that only one such group must be in Valencia at a given time. This would mean four trips for one of our vessels for the Cubans alone which in view of press reports indicating the presence of drifting mines in Mediterranean waters should be taken into account.

THURSTON

352.3715/30 : Telegram

The Secretary of State to the Counselor of Embassy in Spain (Thurston)

WASHINGTON, March 5, 1937—4 p.m.

276. Your X-527, March 4, 1 p. m. We have informed Cuban Chargé d'Affaires in Washington that we cannot undertake to evacuate Spanish refugees but will consider possibility of evacuating Cubans. You may similarly inform representative of Cuban Embassy in Valencia. In view of danger to our vessels we would wish to make as few trips as possible. Inquire of appropriate Spanish authorities, therefore, whether they would permit as many as 100 Cuban

refugees from Madrid to be assembled and evacuated from Valencia at one time. Inquire also whether arrangements could be made to have the examination of these refugees by Spanish officials completed sufficiently in advance to permit of the departure of our naval vessel from Valencia as early as 7 a. m., since we should very much prefer to carry out any evacuation during daylight hours in view of danger from drifting mines.

HULL

352.3715/30 : Telegram

The Secretary of State to the Chargé in France (Wilson)

WASHINGTON, March 5, 1937—4 p.m.

116. At request of Cuban Government we are giving consideration to possibility of evacuation of 200 Cubans from Valencia to Marseille by American naval vessel. We understand from Cuban Embassy in Madrid that arrangements have been made with French Government for admission these Cuban refugees into France, but before taking action we wish confirmation by telegraph that French authorities would be agreeable to entry of these Cubans.

HULL

352.0022/39

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

No. X-61

VALENCIA, March 6, 1937.

[Received March 23.]

SIR: In amplification of my despatch number X-48 of February 14, 1937,⁴¹ I have the honor to report that I have been informed by a member of the Cuban Embassy that the distribution of refugees in the foreign missions in Madrid is approximately as follows:

Mexico	1800
Turkey	1300
Chile	1200
Norway	800
Rumania	800
France	600
Cuba	450
Argentina	300
Sweden	300
Holland	250
Bolivia	120
Poland	113
Paraguay	100
Switzerland	26

⁴¹ Not printed.

Some of the refugees enumerated are, as in the case of the Cuban Embassy, nationals of the country represented by the mission granting asylum—but the great majority are of course Spanish citizens. It is understood that in according asylum to Spanish nationals the French Embassy endeavored to admit only such persons as had business or family connections with France. The Finnish Legation, on the other hand, is alleged to have accorded asylum on the basis of the applicant's ability to pay the sum demanded by the Finnish Chargé d'Affaires—who now is a refugee together with his late guests in the Turkish mission. The refugees formerly in the Argentine Embassy have been evacuated, the Argentine naval vessel *Tucuman* having been employed for this purpose.

It is reported that the attitude toward the question of asylum assumed by Chile, and especially the personal behaviour of the Chilean Ambassador, has provoked the active resentment of the Spanish Government, and that in consequence it has determined to bring it about that the refugees in the Chilean Embassy shall be the last to be evacuated. Notwithstanding this rumor, a caravan of several motor buses acquired in France for the transportation of the refugees in the Chilean Embassy and in the charge of the Chilean Military Attachés at Paris and Brussels recently passed through Valencia on its way to Madrid.

Whereas the Argentine refugees were evacuated from Alicante, and it was believed that the Spanish Government preferred the employment of that port for the purpose, the Cuban Embassy has been advised that evacuation must be effected through Valencia, in groups of about 50 persons, and that only one such group may be present in Valencia at a given time. Should these stipulations be enforced it is obvious that the evacuation of the eight thousand persons who have been granted asylum in the various missions in Madrid would extend over a theoretical minimum period of five months, and in practice probably would require more than a year.

Respectfully yours,

WALTER C. THURSTON

352.3715/31 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, March 7, 1937—10 a.m.

[Received 10:15 a.m.]

X-533. Department's 276, March 5, 4 p.m. The Ministry of State will consult the authorities concerned with respect to the reception into Valencia of groups of about 100 Cuban refugees and their embarkation by 7 a.m.; the Secretary General believes both can be

arranged. The regulation as to numbers is designed to meet shortage of accommodations here and to avoid congestion on Madrid Road.

The British Chargé d'Affaires informed me yesterday that they have had some difficulties when evacuating Cubans as a result of the liberal attitude of the Cuban Embassy in regard to the issuance of Cuban citizenship documents. I immediately talked again with the representative of the Cuban Embassy, pointing out our policy with respect to the evacuation of Spaniards. He assured me that the approximately 200 Cubans whose evacuation by us is requested hold bona fide documents. He added, however, that Cuban laws do contain liberal provisions as to the scope of Cuban citizenship. During my conversation last evening with the Secretary General of the Ministry of State, it was apparent that he also entertained doubts on this point. I informed him that we had notified the Cuban representatives that we cannot undertake to evacuate Spanish refugees, although we will consider the possibility of evacuating Cubans. Should we agree to take out the Cuban refugees we would of course be [obliged?] to assume the good faith of the Cuban Government with respect to the passports it has issued. I further remarked that should the examination by the Spanish authorities of these refugees prior to embarkation disclose that fraud was being attempted the issue would be between the Spanish and Cuban Governments as we would have no responsibility.

The Department may consider it to be advisable to discuss the matter with the Cuban Government to the end that we may be spared any embarrassment should we undertake to evacuate Cuban refugees.

THURSTON

852.00/4947

The Secretary of State to the Ambassador in Spain (Bowers), Then in France

WASHINGTON, March 9, 1937.

MY DEAR MR. AMBASSADOR: I was very interested to receive your letter of February twenty-third,⁴² commenting on some aspects of our policy and attitude toward the Spanish conflict, and I wish to express my appreciation for your thought in bringing up these considerations for our information here. I am in entire agreement with you in not being able to understand why our people have not been more sensible of the severe suffering which has been caused to non-combatants, particularly old persons and women and children as a result of the apparently ruthless conduct of the military operations in the civil strife and resulting often from the political action of the civil authorities or emergency committees which have assumed authority. The

⁴² Not printed.

actual forwarding of food and supplies and medical assistance to the civilian population is, of course, a matter which has always heretofore been dealt with by unofficial committees and bodies and has not come within the sphere of the proper activity of the Government. That refers to so-called relief such as the civilian relief afforded by the Committee for Relief in Belgium and that in France during the last war, and refers to relief as such outside of the scope of the activities of the Red Cross societies which, of course, themselves make every effort to take care of suffering, injuries and sanitary requirements resulting from military activities, extending its help also into the field of relief when funds and opportunity permit Red Cross activities along such lines.

In dealing with the carrying out of our policy of non-intervention and thus declining to issue passports for individuals to proceed to Spain, we have had to refuse passports to the personnel of certain medical units which are being arranged for by an organization called the "American Friends of Spanish Democracy". In a statement to the press explaining our position on this passport matter,⁴³ we took occasion to call attention to the opportunity for extension of aid to assist in alleviating the suffering in Spain through the American Red Cross, which is operating through the International Red Cross Committee of Geneva. We furthermore pointed out how funds would be gladly accepted by the American Red Cross for that purpose and thus implying that there was no need for American individuals personally to occupy themselves in Spain with this aid and assistance, as there was an existing organization taking care of the impartial distribution of aid to the suffering, both medical and with regard to food and clothing. We have been informed by the American Red Cross headquarters here that there is no demand for doctors and nurses, and, furthermore, that the same amount of money expended for the sending of personnel and equipment for ambulance units from here, if expended through the existing organizations, would probably have a spread of five or six times more than the effect resulting from actual ambulance units sent from here. The Friends Society here appears to have a truly impartial attitude in its desire to alleviate the suffering and is raising a fund now to send clothing and food to refugee children on both sides. Their work will be carried out without the sending of American personnel, but through existing channels. Some of the other activities being carried on for the collection of funds for relief in Spain appear to be based on the theory that humanitarian work should only be carried out for one of the political factions and distinctly not the other.

⁴³ See Department of State, *Press Releases*, March 6, 1937, p. 125; see also *ibid.*, March 13, 1937, p. 139 and March 20, 1937, p. 154.

I note your statement that the hospitals on both sides of the struggle have been in desperate need of necessary medicines and equipment. This statement accords entirely with what the Red Cross people here have told us, that is, that while there is no real need for doctors and nurses, medicines and equipment and supplies are very badly needed. Both the Department and the Red Cross have lost no opportunity to bring this need to the attention of the public, but, as I say, most of those interested seem to have a particular definition in their minds as to what humanitarian activity consists of.

To summarize, we want all relief operations carried on by Americans to operate under a neutral and impartial organization.

The International Red Cross Committee, with which the American Red Cross is cooperating and which is definitely neutral and impartial, is applying all of the funds placed at its disposal for the relief of the wounded as well as for the relief of the civil population. The International Committee has appealed for funds for this purpose, but no appeals have been made for doctors and nurses. We are keeping continually in touch with the situation through the American Red Cross headquarters here and if at any time a necessity and demand for doctors and nurses, in addition to funds and supplies, arises, we will do all we possibly can to cooperate with the neutral and impartial organizations which now have the matter in hand.

I must say, however, that many of the people who have been pressing us here for permission to send American personnel over with medical units have been motivated by a strong partial feeling either for one group or the other and would presumably align themselves with the forces or authorities of one side. Such action would, of course, be in conflict with our desire not to become involved in the political aspects of the present conflict.

With reference to your interesting report that the Commercial Attaché of the British Embassy is communicating with the insurgent authorities, I do not see how we could escape the charge that we had abandoned our policy of neutrality and non-intervention if we were to deal with the insurgent group, particularly for the purpose of obtaining commercial advantages when we have not so far recognized the insurgent movement and we are still carrying on our normal official relations with the Spanish Government. I am afraid we shall have to depend for our good will upon the recognition by the Spanish authorities that we have pursued a meticulously impartial attitude in this conflict, which, if it had been followed by all the other countries of the world, might have changed the aspect of the situation as exists today.

As far as concerns the visits of our naval vessels to North Coast ports, we in the Department here do not feel that we should override the authority and position of the Navy Department when they inform

us that it is distinctly dangerous to our vessels to visit those ports at this time for any other than emergency purposes. I have gone into the pending cases of questionable American nationality and other matters that might engage our Consuls in the coast ports you have referred to in your despatches and I have not been able to convince myself that any emergency situations existed which would warrant asking the Navy to send vessels into those ports against their own attitude that it is dangerous so to do. This may be a matter of opinion as far as concerns the decision taken by any Navy, but certainly in the face of their hesitancy to visit those ports I do not feel justified in pressing our own Navy in the circumstances to go in.

With regard to the visit of your secretary to points in Spain near the border, I would be entirely agreeable to his making a visit if it appeared that the emergency situation so justified his entering Spain, but as far as I have been informed, the cases which might be investigated in that way are not at present in territory where there is any military activity and we do not seem to have any information indicating that those persons are in dire straits or even desire to have arrangements made for them to leave the territory.

I am indeed very glad to hear from you and will be grateful at all times for any suggestions in connection with the carrying out of our policy which you may wish to send me.

With my kindest personal regards,

Very sincerely yours,

CORDELL HULL

352.1115/3117 : Telegram

The Consul at Valencia (Davis) to the Secretary of State

VALENCIA, March 9, 1937—4 p. m.

[Received March 9—2:48 p. m.]

Department's March 8, 6 p. m.,⁴⁴ A . . . E . . . Besides subject there are five other deserters here, one of whom was delivered to the Consulate by Spanish authorities. More are expected. A few days ago the French Consul expressed a willingness to evacuate them on French war ship. With acquiescence of the Spanish Government he has already evacuated 400 deserters who were French nationals. Last Wednesday a French naval vessel arrived to evacuate a party of 60 more deserters whose embarkation the Spanish authorities prevented and are still prohibiting in spite of strong representations on the part of the French Government. Today the French Consul informed me the case has reached an impasse, as well as a similar case at the French Vice Consulate at Alicante. A similar but less acute situation exists in connection with a small number of deserters of British nationality. The American deserters with the exception of E . . . have passports

⁴⁴ Not printed.

with valid French visas but no Spanish visa. This definitely marks them as having crossed the Spanish frontier with a convoy of volunteers.

In view of the foregoing there does not appear to be any way for them to leave Spain except by special authorization in each case. It is barely possible that the Consulate by requesting it could obtain such permission for some or all of them. Others coming later might expect like assistance. The only alternative appears to be to leave all of them upon their own resources which would expose them to grave danger.

Please give explicit instructions covering these and future cases. Do you authorize new passport for A... E...? Shall we facilitate appeals to relatives for funds, et cetera?

DAVIS

852.3715/34 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, March 10, 1937—noon.

[Received March 10—9:45 a. m.]

333. Our 323, March 8, 4 p. m.⁴⁵ The Foreign Office has advised me of a telegram received by the Cuban Legation here from its Embassy in Madrid to the effect that the Spanish Government has no objection to the departure from the Cuban Embassy in Madrid for France of "Spaniards of military age" who had taken refuge in the Embassy provided the French Government guarantees that upon their arrival in France they will not be allowed to cross the frontier back into Spain. In other words, according to the Foreign Office, the "Cuban" refugees seem to be turned into something else.

The Foreign Office states it would have no objection to permitting these Spanish refugees to land in France and that the French authorities could undertake to escort them to the frontier of a third country as has been done in other cases but that the French Government is not prepared to assume an obligation to keep Spanish refugees under guard in France.

The next move is apparently up to the Cuban Legation.

WILSON

852.1115/3117 : Telegram

The Secretary of State to the Counselor of Embassy in Spain (Thurston)

WASHINGTON, March 11, 1937—6 p.m.

282. Consulate's March 9, 4 p.m., A... E.... We suggest that you inform the appropriate Spanish authorities that there are now in

⁴⁵ Not printed.

Spain a number of Americans who may have been attached to the Spanish military forces in one capacity or another, who may possibly present themselves at our Consulates or Embassy requesting assistance in leaving Spain, and that you would therefore greatly appreciate for your guidance in such cases an expression of the attitude which the Spanish authorities would be disposed to adopt with regard to the evacuation of such American nationals from Spain by American naval vessels. Telegraph report.

HULL

352.3715/36 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, March 12, 1937—2 p.m.
[Received March 12—11:35 a.m.]

352. Our 333, March 10, noon. The Cuban Minister having advised me that he had obtained permission from the French Foreign Office for the refugees in the Cuban Embassy in Madrid to land in France I have confirmed at the Foreign Office that they have informed the Cuban Legation that permission is granted for the landing in France of the 200 refugees in the Cuban Embassy at Madrid on condition that the passports of the refugees indicate that they are not valid for Spain, Spanish possessions, and zones of influence such as Morocco.

The Foreign Office states that it would appreciate knowing as soon as convenient the name of the American naval vessel which will transport these refugees and the date of its arrival at Marseille.

WILSON

124.523/354 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, March 12, 1937—6 p.m.
[Received 7 p.m.]

X-545. My X-510, February 18, 5 p.m. Among the Spanish employees of absent members of the American colony living in the Embassy are three men of military age. Ugarte has sent to me for signature and seal certificates of employment for them on the grounds that they have been and are serving as Embassy chauffeurs, first in connection with evacuation work and presently with the collection of food. The propriety of harboring these persons after their employers have left the Embassy and Spain might be open to question, and in view of the implication of asylum that may be involved I have not signed a certificate.

If, nevertheless, it is considered that the certificates should be granted in view of the services described perhaps the situation should be regularized by placing the men on the Embassy payroll with dollar a month wages. Respectfully request instructions.

Repeated to Ambassador Bowers.

THURSTON

124.523/352 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, March 12, 1937—7 p.m.

[Received 9 p.m.]

X-546. I have just been informed by the Secretary General of the Ministry of State, with reference to several [notes?] from this Embassy requesting the exemption from military service of the Spanish employees of our official establishments in Madrid, that he fears that exemption will not be accorded.

Ugarte's class has just been called for service and I pointed out how seriously inconvenienced we would be should we be deprived of the custodian of our Embassy. I was assured that the matter would again be presented to the military authorities, but I received the impression that an adverse decision is believed to be certain.

I have instructed Ugarte to remain within the Embassy pending the decision in his case. The Embassy's notes furnishing his name as well as those of the other employees affected should constitute evidence to protect him against possible charges of attempting to evade the call to service. I shall appreciate immediate instructions on this point, however. Repeated to Ambassador Bowers.

[THURSTON]

352.1115/3141 : Telegram

The Consul at Valencia (Davis) to the Secretary of State

VALENCIA, March 13, 1937—5 p.m.

[Received 10:15 p.m.]

Department's telegram of March 8, 6 p.m.⁴⁶ A... E... left yesterday afternoon by rail for Barcelona in an attempt to reach French territory dressed civilian.

Your cable February 25, 6 p.m. R... missing since Wednesday, is believed to have made a similar attempt.

DAVIS

⁴⁶ Not printed.

124.523/352 : Telegram

*The Secretary of State to the Counselor of Embassy in Spain
(Thurston)*

WASHINGTON, March 15, 1937—6 p.m.

287. Your X-545, March 12, 6 p.m., and X-546, March 12, 7 p.m. Exemption from military service of Spanish employees other than Ugarte is not important to us. Drop therefore any representations you may have been making in their behalf and concentrate your efforts upon obtaining exemption of Ugarte. Suggest you call without delay upon appropriate authorities and again pointing out his indispensability to us under present circumstances press for a favorable decision in his case.⁴⁷

Do not intervene in any way between the Spanish Government and Spanish employees of absent members of American colony.

HULL

852.00/5118

The Consul at Valencia (Davis) to the Secretary of State

No. 35

VALENCIA, March 15, 1937.

[Received April 10.]

SIR: I have the honor to refer to this Consulate's Despatch No. 30 of February 25, 1937,⁴⁸ reporting the case of A . . . C. R . . . , a deserter from the Spanish Army, and to report that since that date five others have come upon the Consulate, only one of whom now remains. . . .

[Here follow names of individuals and passport information.]

According to the best information this Consulate has been able to obtain, the total number of American citizens enlisted with the Spanish Government forces in Spain is approximately 1,700. It is believed that the greater part of these obtained American passports issued in December, 1936, and January, 1937. If the various statements made by these deserters, who were at or in contact with the Consulate about six or seven days, can be relied upon, the fatal casualties among the American volunteers have been exceedingly heavy, some statements placing total casualties in the "Lincoln Division" as high as 75 per cent. It is claimed that they are invariably used as shock troops with insufficient preliminary training and inexperienced and inefficient officers. They also said that practically all the foreign troops were ready to desert at the first opportunity.

⁴⁷ By telegram No. 685, June 20, 11 a.m., the Counselor of Embassy in Spain informed the Department that Ugarte had been simultaneously inducted into the army and assigned to military guard duty in the American Embassy at Madrid (124.523/358).

⁴⁸ Not printed.

There are a large number of French deserters, numbers of whom can be seen every day roaming the streets of Valencia. This led me to the belief that the Spanish Government was very lax in this connection, but inquiry of the French Consul revealed that an appreciable number of arrests had been made of his nationals of this category. At first, the French Consul was taking all that came to him and evacuating them on French naval vessels, following instructions of his Government. However, on March 3, the Spanish Government absolutely refused to permit the departure of any more, on the ground that due to the going into effect of the international control no new volunteers could be brought in. This was reported to the Department in my telegram of March 9, 4 p. m.

The case of R... is of particular interest, both because he divulged more than any of the others concerning the method of recruiting in the United States, and for the reason that his story of how the volunteers were brought from Paris into Spain was completely corroborated by the statements of the others. In conversations subsequent to the making of the statement already transmitted to the Department he asserted that the Communist Party has units, having the characteristics of cells but not so called, in all the colleges and universities in the United States, and that these and other Communist organizations have been very active in getting volunteers for the Spanish Army. He stated, however, that the Communist Party is careful to do nothing officially, but operates through agents who pretend to be acting entirely upon their own responsibility as individuals, and not in connection with any organization of any kind. It is apparent, however, that he knows very little of this phase of the matter except from hearsay.

From what could be gleaned from R... and the others there would appear to be a well-organized "underground railway", leading from Chicago and New York, from which latter place the volunteers are handled almost as systematically as if under military command to Havre, Paris, Perpignan, Figueras, Barcelona, Valencia and Albacete. The transportation is effected by the usual means of transportation all the way, except from Perpignan to Figueras, which is made by motor convoy. These convoys crossed the French-Spanish frontier without any semblance of formality, but no doubt this practice was discontinued with the going into effect of the international control.

It would appear that once a volunteer is taken across the frontier with a convoy, he cannot thereafter escape enlistment. This conclusion is drawn principally from the statements of L... and C.... Their stories may not be true, but it was not possible to make them modify their first assertions that they had no intention of fighting in the Spanish Army when they left the United States, had not engaged to do so at any time, and had escaped to avoid doing so.

Albacete is the final concentration point for foreign volunteers. Here they are formally enlisted, issued uniforms, given a brief training and sent to the front. All uniforms worn by the deserters coming on the Consulate, except that of R... , were issued at Albacete. The uniform worn by R... is now at the Consulate, and, if in view of its having been issued in New York, the Department desires it, it can be forwarded. All agree that no oath is administered or promise exacted.

Respectfully yours,

THOMAS D. DAVIS

352.1115/3149 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, March 16, 1937—10 a.m.

[Received March 16—9:35 a.m.]

X-552. Department's 282, March 11, 6 p.m. The Ministry of State will consult the military authorities and inform me of the views of the Spanish Government with respect to the evacuation by American naval vessels of American citizens of the category described. The Government's attitude toward this general question, however, has been adversely affected by the action French diplomatic and consular representatives here in evacuating several hundred French deserters without prior consultation with the Spanish authorities. When an effort was made recently to repatriate another group of French deserters their embarkation was prevented, and similar action was taken in the case of a smaller group of British deserters.

In the meantime our own problem has largely solved itself through the disappearance of six of the deserters in question. They presumably are making their way toward the French frontier. The one remaining was brought to the Consulate by the military authorities themselves. If the Department will authorize me to place him (or any others who may arrive) on one of our naval vessels the necessary approval of the Spanish authorities probably can be obtained informally.

THURSTON

352.1115/3149 : Telegram

The Secretary of State to the Counselor of Embassy in Spain (Thurston)

WASHINGTON, March 17, 1937—noon.

289. Your X-552, March 16, 10 a.m. If approval of Spanish authorities is first obtained you may evacuate Americans formerly attached to Spanish Army on next visit of American naval vessel.

HULL

852.1115/199 : Telegram

*The Secretary of State to the Counselor of Embassy in Spain
(Thurston)*

WASHINGTON, March 24, 1937—7 p.m.

295. Consulate's February 24, 6 p.m.⁴⁹ Barcelona Consulate reports R... now under arrest there. We have instructed Franklin⁵⁰ to endeavor to induce local authorities to postpone any action until instructions can be received from Department. Please get in touch with Franklin in this matter as quickly as possible. If authority of Valencia Government in Barcelona is sufficient to bring about R... 's release for evacuation by Consulate, take up his case in this sense with appropriate authorities at earliest opportunity. Otherwise instruct Franklin to suggest orally to local authorities the desirability of such a solution of the case. Point out to Franklin, however, that such action can be requested only on the basis of mutual goodwill and a desire to avoid incidents which would undoubtedly affect public opinion in the United States most unfavorably. If the Catalan authorities reject Franklin's suggestion that R... be evacuated we can authorize him only to endeavor to induce them to take a lenient view of R... 's desertion and impose as mild a punishment as possible.

HULL

852.1115/3220 : Telegram

*The Counselor of Embassy in Spain (Thurston) to the
Secretary of State*

VALENCIA, March 26, 1937—1 p.m.

[Received 2 p.m.]

565. Department's 295.⁵¹ The Ministry of State is disposed to permit the evacuation of R... and of C..., referred to in my X-552,⁵² and will approach military authorities in that sense. At the Cabinet meeting yesterday it was decided that henceforth while the usual penalty will not be applied to foreign deserters they will not be allowed to leave Spain but will be placed in concentration camps. Repeated to Barcelona.

[THURSTON]

⁴⁹ *Ante*, p. 482.

⁵⁰ Lynn W. Franklin, Consul at Barcelona.

⁵¹ *Supra*.

⁵² Dated March 16, 10 a. m., p. 497.

852.115 Royal Typewriter Co./1 : Telegram

*The Counselor of Embassy in Spain (Thurston) to the
Secretary of State*

VALENCIA, March 26, 1937—7 p.m.
[Received March 27—2:20 a.m.]

567. The Royal Trust Mecnografico, Sociedad Anonima Espanola, claiming that its total stock issue is owned by American citizens and which is the Spanish distributing agency for the Royal Typewriter Company of New York, has requested that representations be made in its behalf to prevent the collectivization by the employees thereof of its Barcelona branch pursuant to the decree of the Generalidad dated October 24, 1936; it alleges that such collectivization would involve the total loss of the American interests concerned and of the stocks of the Royal Typewriter Company not yet paid for.

The Consulate General at Barcelona, to which I referred the case for comment, states "It is believed that any protest against the effect of collectivization in a particular instance might constitute tacit recognition 'acceptance of collectivization'", and that "it appears that the first point is whether collectivization is legal under the constitution of the Republic and the Catalan Statute of Autonomy. The second point is that the collectivization decree may apply to Royal Trust Mecnografico".

The Embassy's files do not indicate that a precedent exists for representations with respect to the collectivization of an American enterprise. It would appear however that inasmuch as collectivization is a reality representations in behalf of an affected American interest would be proper.

THURSTON

852.2221/811 : Telegram

The Consul General at Marseille (Hurley) to the Secretary of State

MARSEILLE, March 29, 1937—1 p.m.
[Received March 29—10:50 a.m.]

Thirteen volunteers for Spain alleged to be American citizens arrested by French coast guard vessel are now in prison Perpignan. French authorities request instructions. Officer this Consulate⁵³ proceeding Perpignan tomorrow to investigate. Please instruct. Name and address as follows: Cleveland, Ohio, Joe Dallet and Vachel Blair; Lorain, Gene [John] Koscak; Toledo, Harold Blakely; Philadelphia, Bela Wimmer, Joseph Fleischer, Louis Gnepp, William Wayland Borer; New York, Laurence Morton Friedman, Seymour Herman

⁵³ Tyler Thompson, Vice Consul at Marseille.

Wyckoff; New Brighton, Gaylord Carnell; Bartlesville, Oklahoma, Joe Farkasovski, Rudolph Loch.

HURLEY

852.2221/311 : Telegram

The Secretary of State to the Consul General at Marseille (Hurley)

WASHINGTON, March 29, 1937—8 p.m.

Your 29th, arrest volunteers. Take up passports and request applicants furnish names and addresses of persons who will supply funds for maintenance and return United States. Cable result interview, including French position in the matter.

HULL

852.2221/311 Suppl. : Telegram

The Secretary of State to the Consul General at Marseille (Hurley)

WASHINGTON, March 30, 1937—4 p.m.

Supplementing Department's March 29th, 8 p.m., regarding arrest volunteers. You understand and you should make clear to all the authorities concerned that these persons were proceeding to Spain in violation of this Government's stipulation.

HULL

852.2221/317 : Telegram

The Consul General at Marseille (Hurley) to the Secretary of State

MARSEILLE, April 1, 1937—5 p.m.

[Received April 1—3:48 p.m.]

My March 29, 1 p.m. regarding American volunteers in prison in Perpignan. Thompson reports from Perpignan there are 15 not 13 such American citizens, all having passports stamped not valid for travel in Spain. Prisoners claim tourist status, that they had no intention to go to Spain, and that they have sufficient funds or the means to obtain them to continue contemplated travels in Europe after their release and to return eventually to the United States. Prisoners will be tried in about 2 weeks and if found guilty will receive probably 1-month sentences counting from day of arrest to be followed by expulsion order. Passports being held by court as evidence and will be delivered to the Consulate after the trial. If police escort to port of embarkation desired to prevent some effort again to enter Spain application should be made to French Minister of the Interior. Prisoners being defended by French attorney retained by Comité d'Entre Aide Franco-Espagnol, Beziers. Two additional prisoners are Joe Grecs from Cleveland and Tauno Sundsten from

Detroit. Complete and corrected list of names and of passport numbers American relatives, et cetera, being sent by mail.

HURLEY

852.2221/325 : Telegram

The Consul General at Marseille (Hurley) to the Secretary of State

MARSEILLE, April 3, 1937—10 a.m.

[Received April 3—9:25 a.m.]

Department's April 2, 7 p.m.⁵⁴ Prisoners charged with violation of French law of January 21, 1937, and the ministerial decree of February 18, 1937,⁵⁵ by having passed in transit through French territory en route to Spain in order to enroll in the forces fighting there. The French press states that prisoners have now admitted to the French authorities that this was their intention. Full report by mail.⁵⁶

HURLEY

352.115 Royal Typewriter Co./2 : Telegram

*The Secretary of State to the Counselor of Embassy in Spain
(Thurston)*

WASHINGTON, April 3, 1937—2 p.m.

306. Your 567, March 26, 7 p.m. After obtaining from Consulate, Barcelona, list of collectivized American concerns or subsidiaries, bring matter to attention Spanish Government and state that American Government, without undertaking to pass upon validity of the Catalan collectivization decrees or of acts taken in pursuance thereof, expects the prompt and full compensation of all American nationals or concerns for any losses suffered by them as the result of the collectivization of businesses or concerns in which they are interested.

Report what other governments are doing.

HULL

352.115 Royal Typewriter Co./3 : Telegram

The Secretary of State to the Consul General at Barcelona (Perkins)

WASHINGTON, April 3, 1937—3 p.m.

Consulate's despatch 219, February 4, and previous, particularly No. 88, October 31 last,⁵⁷ Valencia, in telegram 567, March 26, reports

⁵⁴ Not printed; it instructed the Consul General to cable charges on which prisoners were held (852.2221/317).

⁵⁵ See telegrams No. 89, January 22, 2 p.m., and No. 242, February 19, 1 p.m., from the Ambassador in France, pp. 231 and 479.

⁵⁶ Not printed.

⁵⁷ Neither printed; despatch No. 88 transmitted a copy of the Consul General's letter of October 29, 1936, to the President of Cataluña enclosing a list of companies entirely American owned or in which there existed substantial American financial interest (852.60/18).

threatened collectivization of Royal Trust Mecnografico, Sociedad Anonima Espanola. This company not included in list transmitted with your letter October 29 last to President of Generalidad. If satisfied of American ownership you may add company to above list. Supplementing your previous representations which Department approves, state that American Government, without undertaking to pass upon validity of collectivization decrees or of acts taken hereunder, expects prompt and full compensation of American nationals and concerns for any losses suffered as a result of the collectivization of companies or businesses in which they are interested.

Understand above company has supply of typewriters from Royal Typewriter Company of New York not yet paid for. Ascertain separately what steps are being taken to pay creditors who have furnished goods to concerns before collectivization. There are a number of such American creditors of Autocesorios, Harry Walker, S. A. and possibly of other concerns. Render all appropriate assistance to such creditors.

Advise Valencia of your action and keep it and Department informed of developments, also of any steps taken locally by other governments.

HULL

852.2221/326 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, April 5, 1937—1 p.m.
[Received April 5—9:20 a.m.]

446. Consul George at Bordeaux reports that he has been in touch by telephone with the prosecutor of the court at Toulouse regarding the arrest near there yesterday of 29 Americans reported to be going to Spain to join the Government forces. The prosecutor stated that in reply to his inquiry the leader of the group said that they did not wish to communicate with an American Consul but intended to retain a lawyer. The leader claims according to prosecutor that they are a group of American tourists.

George is going to Toulouse this afternoon for the purpose of obtaining information and will report further.

WILSON

852.2221/326 : Telegram

The Secretary of State to the Chargé in France (Wilson)

WASHINGTON, April 5, 1937—7 p.m.

160. Your 446,^{57a} arrest volunteers. Advise Consul George obtain and forward Department names and passport data of each and names

^{57a} *Supra.*

and addresses of persons who will pay for maintenance and return passage to United States. Consul should understand and make clear to all the authorities concerned that these persons were proceeding to Spain in violation of this Government's stipulations. Cable briefly report.

HULL

852.2221/329 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, April 6, 1937—3 p.m.
[Received April 6—11:35 a.m.]

452. Your 160, April 5, 7 p.m. Consul George now at Toulouse advises that he is forwarding directly to the Department names and passport data of arrested volunteers. He states that they are apparently in possession of funds and question of maintenance and return passage has not arisen. He believes case will be heard this week and that very possibly expulsion orders will be issued in lieu of jail sentences. George states that he has made it clear to all authorities concerned that these persons were proceeding to Spain in violation of our Government stipulations.

WILSON

852.2221/329 : Telegram

The Secretary of State to the Chargé in France (Wilson)

WASHINGTON, April 7, 1937—7 p.m.

162. Your 452 April 6, 3 p.m. and Bordeaux's 7th.⁵⁸ If Americans now held at Toulouse and Perpignan are convicted of attempting to enter Spain, Department does not desire that they be permitted to use passports except for return to United States. If they are ordered expelled from France, Department assumes that they will be escorted to port embarkation by French authorities. In such case passports may be retained by escort on trip and delivered to American Consul at port who should deliver passports to purser and telegraph Department details sailing.

However it should be made clear to all concerned that there are no funds of this Government appropriated which might be used for the maintenance of the Americans arrested, for their transportation to a port of embarkation, for the expenses of an escort or for transportation to the United States.

Appropriately advise Consuls Marseille and Bordeaux.

HULL

⁵⁸ Latter telegram not printed.

852.2221/338 : Telegram

The Consul General at Marseille (Hurley) to the Secretary of State

MARSEILLE, April 9, 1937—7 p.m.

[Received April 9—4:07 p.m.]

Department's telegram 162, April 7, 7 p.m. to Paris. Vice Consul Thompson reports that 15 Americans all sentenced to 20 days imprisonment. Will be released on the morning of 16th. Decision on expulsion not yet made but in any event they will not be escorted to border. Local French authorities definitely state passports will not be returned to prisoners or to Consulate as they are part of the permanent records of the court. Seven additional Americans have been arrested; names, details will follow.

HURLEY

852.2221/346 : Telegram

The Consul General at Marseille (Hurley) to the Secretary of State

MARSEILLE, April 12, 1937—4 p.m.

[Received 4:56 p.m.]

Referring to my telegram of April 10, 1 p.m.⁵⁹ and Department's telegram No. 162, April 7, 7 p.m. to Paris.

Judge at Coret believes that 15 Americans to be released April 16th will require [apparent omission] to enter Spain. At trial all confessed they had attempted to enter Spain to join army.

Minister of Justice might authorize delivery to the Consulate of passports held by tribunal should the Embassy so request.

Does the Department desire representative of Consulate to attend trial of six Americans at Perpignan April 14 and trial one American April 16? Less evidence against them than in previous case.

HURLEY

352.115 Royal Typewriter Co./4 : Telegram

The Consul General at Barcelona (Perkins) to the Secretary of State

BARCELONA, April 13, 1937—noon.

[Received April 13—10:55 a.m.]

Your April 3, 3 p.m. Royal Trust Mecanografico was reported to the Generalidad February 9 as containing American interests.

Supplemental representations have been made as directed.

A few enterprises desire to pay creditors of record before collectivization but no method appears available except through authorizations for foreign exchange by Centro Contratacion Moneda now some 2

⁵⁹ Not printed.

years in arrears. There are undoubtedly many American creditors but the question of payment is national and quite separate from collectivization which is Catalan. This Consulate General knows no way to facilitate payments by local action.

Generalidad has now expressed the intention of requesting presence of a consular representative at each proposed conference between the interested parties in a collectivization. Such meetings are provided for in article 9 of the decree of October last which arbitrarily establishes the bases upon which foreign interest in enterprises will be evaluated. It is my opinion therefore that no step such as attending these meetings should be taken which might imply acquiescence in any part of the collectivization procedure.

French Consulate has requested protection of French interests; British Consulate has protested against about nine collectivizations individually, has pointed out to the Generalidad that in certain cases the procedure of the decree was not adhered to and has agreed to send observer to the meetings referred to.

Despatch will be forwarded together with additional list of American interests reported to the Government.⁶⁰

Valencia informed.

PERKINS

852.2221/346 : Telegram

The Secretary of State to the Consul General at Marseille (Hurley)

WASHINGTON, April 13, 1937—6 p.m.

Your 12th, 4 p.m. Endeavor ascertain whether 15 men enter Spain after release.

Department desires return passports to Consulate for disposition as set forth Department's 162 April 7 to Embassy. Furnish details Embassy so matter can be taken up with Minister Justice.

Department does not desire that representative be sent for scheduled trials Perpignan. However, keep in touch with cases and advise Department developments.

HULL

852.2221/356 : Telegram

The Consul General at Marseille (Hurley) to the Secretary of State

MARSEILLE, April 15, 1937—11 a.m.

[Received April 15—9:10 a.m.]

Referring to Department's telegram of April 13, 6 p.m., expulsion orders have been issued requiring the 15 Americans to leave France within 2 weeks of their release April 16th.

⁶⁰ Despatch No. 285, April 15; not printed.

Referring to my telegram of April 10, 1 p. m.,⁶² six Americans tried April 14th were sentenced to 1 month in prison. Judgment may be appealed.

HURLEY

352.3715/43 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, April 16, 1937—1 p.m.

[Received April 16—11:55 a.m.]

589. Department's 310, April 15, 6 p.m.⁶² The Cuban Embassy states this morning that it has encountered difficulties on the part of the Spanish Government in its efforts to evacuate its refugees, but that it hopes to be able to give us a definite statement tomorrow or the next day.

I fear that the Cuban Embassy will not have its refugees ready for embarkation for another week or 10 days, and would suggest that the Department proceed with its plans concerning Malaga transfers. The departure of the Cubans from Madrid can be made contingent upon our readiness to receive them at Alicante.

THURSTON

352.115 Crown Cork and Seal Co./20 : Telegram

The Secretary of State to the Counselor of Embassy in Spain (Thurston)

WASHINGTON, April 17, 1937—1 p.m.

312. Supplementing Department's 306, April 3, 2 p.m.: Crown Cork International Corporation of Delaware entirely American owned and which in turn owns all stock Hijos de H. A. Bender, S. A. of San Feliu de Guixols, Catalonia, understands authorities considering collectivization of latter.

Inform Foreign Office pointing out serious damage such action would inflict on Americans interested and request that steps be taken to prevent collectivization of this or other American owned subsidiaries. Reiterate our expectation of full and prompt compensation of all Americans for losses suffered through collectivization.

Keep Department and Barcelona advised.

HULL

⁶² Not printed.

852.00/5118

The Secretary of State to the Consul at Valencia (Davis)

WASHINGTON, April 24, 1937.

SIR: The Department has received your despatch No. 35 of March 15, 1937, regarding American deserters from the Spanish Army.

The Department has noted with interest the contents of your despatch and particularly your estimate that there are approximately 1,700 American citizens serving in the Spanish Government forces in Spain. The Department desires to be informed whether your estimate includes persons of dual nationality who were residing in Spain at the outbreak of the civil war or whether it includes only Americans who have gone to Spain since that time.

With reference to the last paragraph of your despatch, it is requested that you forward to the Department the uniform of the deserter R... which is said to have been issued to him in New York before he left this country.

Very truly yours,

For the Secretary of State:
WILBUR J. CARR

852.48/71 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, April 30, 1937—4 p.m.
[Received April 30—3:40 p.m.]

555. After luncheon today Delbos⁶³ said to me that the French Cabinet would meet this afternoon and would decide to receive as refugees on French territory approximately 100,000 Basque women and children from the region of Bilbao. He said that the Basques had plenty of ships to send these refugees to France and asked if it might not be possible to obtain from the American Red Cross some contribution for their care. He said that any contribution whatsoever would be most gratefully received and that he felt that a contribution by the American Red Cross would be a most notable gesture in the interests of humanity.

I venture to suggest that you might ask Admiral Cary Grayson if there is the slightest possibility that the American Red Cross might make a contribution for this purpose.⁶⁴

BULLITT

⁶³ Yvon Delbos, French Minister for Foreign Affairs.

⁶⁴ By telegram No. 196, April 30, 7 p. m., the Ambassador in France was informed that the Secretary of State had conferred with Admiral Grayson, the Chairman of the American National Red Cross, and the latter had assured the Secretary that the Red Cross would make a contribution.

852.48/77 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, May 4, 1937—6 p.m.
[Received May 4—4:23 p.m.]

254. In view of insurgent drive in attempt to take Bilbao, Basques recently proposed evacuation to France, England, Holland 150,000 women and children, the normal population having been doubled by refugees from other towns.

England agreed to protect refugee ships on the high seas once outside 3-mile limit and requested Franco not to interfere. Franco refuses British proposal suggesting passing refugees through battle line to insurgent territory which it is certain Basque Government would not do. England counters with determination protect refugee ships and it is reported that Spanish merchantman *Habana* has left Bilbao with 3,200 women and children for Bordeaux escorted by British destroyers *Fury* and *Fortune*.

BOWERS

352.3715/45 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, May 10, 1937—6 p.m.
[Received 9:47 p.m.]

620. My 616, May 8, 5 p.m.⁶⁵ Cuban Embassy says it can embark 120 or 125 refugees Friday if we can take them. Two-thirds would be women and children. Please reply at once.

The 60 persons first mentioned will be ready in any event.

THURSTON

352.3715/45 : Telegram

The Secretary of State to the Counselor of Embassy in Spain (Thurston)

WASHINGTON, May 11, 1937—1 a.m.

328. Your 620, May 10, 6 p.m. Cruiser *Raleigh* will undertake to evacuate 120 to 125 Cubans from Alicante. Please ascertain and report immediately what time Friday evacuation will be possible. In inquiring of Cuban Embassy Madrid emphasize our desire that because of danger from mines as much as possible of journey in vicinity of Spanish coast should be made during daylight hours and

⁶⁵ Not printed.

that therefore departure from Alicante should take place before noon if at all possible. Suggest Vice Consul Wells whose efficient work on previous similar occasions is much appreciated be sent to Alicante to supervise evacuation.

HULL

852.2221/401 : Telegram

The Consul at Bordeaux (George) to the Secretary of State

BORDEAUX, May 11, 1937—11 a.m.
[Received May 11—6:30 a.m.]

My telegram of April 7, 11 a.m.⁶⁶ Twenty-five Americans held at Toulouse sentenced 40 days imprisonment and will probably be deported. Passports have been delivered to me.

GEORGE

852.2221/403 : Telegram

The Consul at Bordeaux (George) to the Secretary of State

BORDEAUX, May 11, 1937—5 p.m.
[Received May 11—1:55 p.m.]

My May 11, 11 a.m. I am now informed prisoners will be released May 14th with orders to leave France. Further developments will be reported in accordance with Department's instructions.

GEORGE

352.3715/46 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, May 11, 1937—8 p.m.
[Received 9:50 p.m.]

621. Department's 328, May 11, 1 a.m. The first detachment of 64 Cuban refugees left Madrid for Alicante this morning. The second group of about 60 will leave tomorrow morning. Vice Consul Wells will proceed to Alicante Thursday to lend assistance toward expediting evacuation formalities. If no difficulties arise the *Raleigh* should be able to depart before noon on the 14th.

In addition to the Cubans there will be 4 Guatemalan women and their 4 children, 1 Mexican woman, and 1 American negro (See last paragraph of telegram No. X-552, March 16, 10 a. m.⁶⁷) The latter is destitute.

THURSTON

⁶⁶ Not printed.

⁶⁷ *Ante*, p. 497.

852.2221/406 : Telegram

The Consul at Bordeaux (George) to the Secretary of State

BORDEAUX, May 13, 1937—10 a.m.

[Received May 13—9 a.m.]

My May 11, 11 a.m. and May 11, 5 p.m. Prefecture at Toulouse informs me prisoners intend when released to proceed to Belgium through frontier at Jeumont and that when notified their American passports will be available only for return to the United States and delivered only on embarkation they persisted in their declared intention, refusing to sign an administrative acknowledgment of this notification.

French authorities will release party without escort tomorrow.

GEORGE

852.2221/435½

The Vice Consul at Valencia (Wells) to the Secretary of State

No. 60

VALENCIA, May 26, 1937.

[Received June 9.]

SIR: I have the honor to refer to the Department's instruction of April 24, 1937, with regard to this Consulate's despatch No. 35 dated March 15, 1937, concerning American deserters from the Spanish army in which it was estimated that there are approximately 1,700 American citizens in the Spanish Government forces. The Department desires to be informed whether this estimate includes persons of dual nationality who were residing in Spain at the outbreak of the war or whether it includes only Americans who have come to Spain since that time.

The above estimate was intended to include only those Americans who have come to Spain since the beginning of the civil war for the express purpose of enlisting in the Government militia. Only four cases of persons of dual nationality serving in the Government forces have come to the attention of this Consulate, and I have no information on which to venture an opinion as to the total number in this category. In fact, only one of these cases dealt with an American citizen duly registered as such, the other three concerning persons born in the United States but who never had established their claim to American citizenship.

Since the date of the despatch mentioned this Consulate has taken occasion to inquire of several persons, newspaper men, American volunteers, and others who might have an opinion on the subject, as to the number of Americans who arrived in Spain to serve in the Government forces. The various estimates given have led me to believe, and I believe Consul Davis, who wrote the despatch on March 15, was inclined to the same opinion, that the estimate of 1,700 was perhaps too high.

The consensus would place it nearer 1,000. It may be said, however, that the lowest figure I have heard mentioned was 600.

With reference to the last paragraph of the Department's instruction under acknowledgment, there is being forwarded today as an accompaniment to this despatch a package containing the uniform discarded by the deserter R. . . , who claimed that the outfit was issued to him before he sailed from New York.

Respectfully yours,

MILTON K. WELLS

852.00/5617 : Telegram

The Consul General at Barcelona (Perkins) to the Secretary of State

BARCELONA, June 2, 1937—8 p.m.

[Received June 2—5:10 p.m.]

My June 1, 11 a.m.⁶⁸ and Wells' June 1, 6 p.m.⁶⁹ In view of the disaster to the steamship *City of Barcelona* does the Department desire me to take any initiative in inquiring concerning the Americans reported to be in hospital at Malgrat or the fate of any who may have been lost? The Department appreciates that those concerned are presumably all volunteers and that the steamship was not engaged in any regular passenger service.

PERKINS

852.00/5617 : Telegram

The Secretary of State to the Consul General at Barcelona (Perkins)

WASHINGTON, June 3, 1937—2 p.m.

Your June 2, 8 p.m. We shall appreciate whatever information you may be able informally and discreetly to obtain as to the number, identity, and present circumstances of the Americans reported to have been aboard the *City of Barcelona*.

HULL

352.1121 Fernandez, Antonio/32 : Telegram

The Secretary of State to the Consul at Seville (Bay)

WASHINGTON, June 5, 1937—2 p.m.

Antonio Fernandez Villa, American citizen, reported imprisoned and about to be tried at Palma de Mallorca. As we have no consular representative in Palma please request insurgent authorities to postpone any action in this case until we are able to send a consular officer to Palma to investigate and report.

⁶⁸ *Ante*, p. 314.

⁶⁹ Not printed; in it the Vice Consul at Valencia reported a request for assistance from an American survivor of the *City of Barcelona* disaster (852.2221 Sauer-milch, Alexander/1).

As there is no possibility of communication between Barcelona and Palma at this time we are endeavoring to make arrangements to send one of our officers from Marseille or Genoa.⁷⁰

HULL

352.1121 Fernandez, Antonio/35 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, June 8, 1937—10 a.m.

[Received June 8—7:40 a.m.]

Department's June 5, 2 p.m. Antonio Fernandez Villa. General Queipo de Llano⁷¹ promised me last night he would instruct military authorities in Palma de Mallorca to postpone trial of Fernandez pending investigation by an American consular officer to be sent there.

BAY

352.3715/52 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, June 10, 1937—4 p.m.

[Received June 11—12:30 a.m.]

668. My X-527, March 4, 1 p.m. Cuban Embassy inquires whether we can have a naval vessel at Alicante June 16th to evacuate about 120 Cubans, three-fourths of whom are expected to be women and children.

THURSTON

352.3715/52 : Telegram

The Secretary of State to the Counselor of Embassy in Spain (Thurston)

WASHINGTON, June 11, 1937—4 p.m.

343. Your 668, June 10, 4 p.m. Inform Cuban Embassy that in view of the uncertainty of the situation resulting from recent incidents⁷² we regret that we cannot authorize any of our naval vessels to visit Spanish ports until we can feel reasonably assured that such a visit could be made without undue risk. It is possible therefore that it may be some weeks before we are in a position to comply with the Embassy's request.

HULL

⁷⁰ T. Monroe Fisher, Vice Consul at Leghorn, was sent to Palma de Mallorca to investigate and report.

⁷¹ Nationalist general, in command at Seville.

⁷² See pp. 307-340.

352.1121 Fernandez, Antonio/44 : Telegram

The Consul at Gibraltar (Williams) to the Secretary of State

GIBRALTAR, June 14, 1937—10 a.m.

[Received June 14—7: 55 a.m.]

Following telegram has been received for the Department from Fisher at Palma de Mallorca through the British navy radio:

"Reference Fernandez Villa case. Believe Fernandez not expatriated. He has been in prison since August and not in very good health. Charged with complicity in the movement against the present regime. Authorities state that charges are not extremely serious and not capital punishment.

Salvadora Fernandez, wife, also in prison and claims American passport obtained several weeks after her husband obtained his passport but no proof here as documents some distance from here.

Some chance may obtain release both when proof of her citizenship is obtained and if they return to the United States which both desire. May obtain his release if wife is not American citizen.

All ordinary cable communications slow and difficult."

Similar message transmitted to Naples.

WILLIAMS

852.48/122a : Telegram

*The Secretary of State to the Ambassador in Spain (Bowers),
Then in France*

WASHINGTON, June 14, 1937—2 p.m.

B-203. For Chapman.⁷³ Department has advised interested persons that passport visa applications of Basque children may be accepted by you for consideration and appropriate action.⁷⁴

You should determine in each case whether the child may be properly classified as a temporary visitor as defined in consular regulations. Any reasonable assurances of their subsequent return abroad should be given due weight. If the applicant may be so classified and is eligible for passport visa it should be pointed out that his legal admission into the United States could in any case not be effected if he falls within clauses of 1917 Immigration Act⁷⁵ defining (a) aliens with passages paid for by certain organizations or (b) unaccompanied children unless admission of latter authorized by Secretary of Labor. Two clauses mentioned, if applicable, are nevertheless not grounds for refusal passport visas if children otherwise eligible and are classifiable

⁷³ William E. Chapman, Consul at Bilbao, temporarily in France.

⁷⁴ For correspondence with Dr. Frank Bohn, Secretary of the American Board of Guardians of Basque Children, see Department of State, *Press Releases*, May 29, 1937, pp. 363-364.

⁷⁵ Approved February 5, 1917; 39 Stat. 874.

as bona fide temporary visitors. Department of Labor has taken no action as yet.

Report by telegram action taken.

HULL

352.1121 Fernandez, Antonio/45 : Telegram

The Secretary of State to the Consul at Gibraltar (Williams)

WASHINGTON, June 14, 1937—7 p.m.

Your June 14, 10 a.m. Following for Fisher, Palma de Mallorca:

Department's records show Salvadora Fernandez naturalized in own right 1928 and passport issued 1932. You are authorized to issue passport to Antonio Fernandez, including wife Salvadora, for immediate return to the United States.

Inform local authorities that Fernandez case has attracted much attention in the United States, especially in University circles, due to fact he is brother of professor at one of larger American universities. Point out that in view of apparently minor nature of Fernandez' alleged offense, the fact that he is a semi-invalid, and widespread interest in his situation of a highly influential section of the American public, unnecessarily severe action against Fernandez could not fail to produce a most unfavorable reaction in this country. Suggest that in the circumstances the best solution of the case might be to permit Mr. and Mrs. Fernandez to depart from the Island under your escort.

HULL

852.48/123

Memorandum by the Under Secretary of State (Welles)

[WASHINGTON,] June 15, 1937.

The Spanish Chargé d'Affaires called this morning to see me, ostensibly to present to me the First Secretary of the Embassy, Señor García Lahiguera. The real purpose of the visit of the Chargé d'Affaires, however, I assumed to be his inquiry as to the situation with regard to the request made of this Government for the admission of five hundred Basque children. Dr. de la Casa stated that he had just arrived from St. Louis, and that there was located in that city a large Mexican hat factory which was owned and operated by a group of Spanish Basques who are very anxious to take care of some of the Basque children should they be permitted to enter the United States. He also stated that there was in California a very large group of wealthy and influential Basque Spaniards who had also sent his Embassy word that they would be glad to provide for the maintenance of a further number of the Basque children. Dr. de la Casa said that it would be a grievous disappointment to these persons, many of whom were now American citizens, if they were not able to take part in providing for these children in distress.

I told Dr. de la Casa that the position of the Department of State I felt had been made clear in the letter which I had addressed to Dr. Bohn in reply to his inquiry in the matter; that the provisions of the immigration law were mandatory and vested no discretion in the Secretary of State, and that the matter was one which would have to be determined in the first instance by the American consular officials to whom applications for visas might be made and in the second place by the Secretary of Labor, who was vested with certain discretionary powers.

I repeated to him that the distressing situation of these children was one which had called forth a very sincere feeling of sympathy on the part of the members of this Government and on the part of public opinion in this country; and that I was sure that whatever determination was reached by the appropriate authorities of the United States Government would be reached, after full consideration of the existing requirements of the law and within the limits of possibility, with every regard for what was in the best interest of the children themselves.

Dr. de la Casa inquired whether the Department of State would not be willing to intervene with the Secretary of Labor in order to attempt to influence her towards a favorable decision. I replied that I was sure he would understand that, in the first place, it would hardly be possible for one executive department of the Government to attempt to influence another executive department in the reaching of decisions upon matters within the jurisdiction of such department, and that, in any event, I felt sure that he might be confident that whatever decision was reached by the Secretary of Labor would be reached only after very full and friendly consideration of all the facts involved in this question.

The Chargé d'Affaires, before leaving, left with me a formal note dated June 14,⁷⁶ in which he communicated to this Government information which he had received from the Spanish Government with regard to alleged activities of German airplanes in the bombing of Bilbao.

S[UMNER] W[ELLES]

852.48/121

The Spanish Chargé (De la Casa) to the Secretary of State

[Translation]

No. 202.07

WASHINGTON, June 16, 1937.

MR. SECRETARY: With reference to the conversation which I had the pleasure of having yesterday with the Under Secretary of State, Mr. Sumner Welles with regard to obtaining the necessary permis-

⁷⁶ *Ante*, p. 328.

sion so that Basque societies, enterprises and persons, domiciled in this country may be able to bring here a certain number of children from Bilbao and from the Basque country in order to perform the humanitarian work which they believe is incumbent upon them and demonstrate their solidarity with the philanthropic work which the Basque colonies in other countries, such as Mexico, France, England, etc., are doing, I take pleasure in advising you that the Basque Government has accepted the idea and proposal of the Basque elements living in North America and I therefore take the liberty of requesting Your Excellency to inform the Secretary of Labor or the competent authorities, that the Basque societies, entities, and persons can, in my opinion, furnish all the guarantees necessary to safeguard the moral, material and religious interests of the said children, and therefore the Basque Government and this Embassy would have the greatest pleasure and satisfaction in seeing permits issued for the entrance of the said children into this country.

I avail myself [etc.]

ENRIQUE CARLOS DE LA CASA

852.00/5739 : Telegram

The Vice Consul at Barcelona (Flood) to the Secretary of State

BARCELONA, June 16, 1937—3 p.m.

[Received 8:50 p.m.]

Department's June 3, 2 p.m. Private information here is that steamer *Ciudad Barcelona* carried 104 American volunteers of whom over 50 lost their lives in the sinking of the ship; over 1000 foreign volunteers were aboard destined for international combat few of whose lives were saved.

Other, that ship was heavily laden with war material including 800 aeroplane motors of American make and that Government vessels are on the scene of the disaster with the intention of salvaging these motors at least. Insurgent radio broadcast that warships will prevent this if undertaken.

FLOOD

852.2221/467

The Vice Consul at Valencia (Wells) to the Secretary of State

No. 65

VALENCIA, June 17, 1937.

[Received July 3.]

SIR: I have the honor to refer to the various telegrams and instructions of the Department to this Consulate requesting information with regard to the whereabouts and welfare of American citizens reported to be serving with the Spanish Government military forces. These instructions usually call for a reply by cable.

Except in isolated cases, where the information has been obtained from casual sources, this Consulate has no other source of ascertaining the exact whereabouts and welfare of American volunteers except through official channels, which involves a considerable delay, and makes it impossible to reply immediately in other than a negative sense. A liaison officer of the Spanish Army informed me that such inquiries normally cannot be handled in less than a month. The present procedure followed by the Consulate is to request the information desired through the headquarters of the militia at Valencia. It is then routed to the regional headquarters at Albacete where contact is had with the various fronts where the international brigades are stationed. Previously this Consulate addressed the person direct, in care of Socorro Rojo Internacional (International Red Aid [*Cross*]) at Albacete, and also a similar inquiry to the Socorro Rojo, but in only one case was a reply ever received. The censorship enforced precludes the practicability of direct inquiries.

Lack of complete records on the part of the Spanish Government with respect to certain volunteer and militia units also makes it difficult to ascertain the whereabouts of an American volunteer unless he is serving in one of the known American units.

This Consulate now has pending for reply instructions from the Department concerning the following American volunteers. Reports are being delayed until such time as some information may be forthcoming from the sources mentioned:

[Here are omitted the names of seven American volunteers, and the Department's instructions concerning each one of them.]

Respectfully yours,

MILTON K. WELLS

852.00/5739 : Telegram

The Secretary of State to the Vice Consul at Barcelona (Flood)

WASHINGTON, June 18, 1937—5 p.m.

Your telegram of June 16, 3 p.m., in regard to the S. S. *Ciudad Barcelona*. From the information in possession of the Department, it would appear to be extremely unlikely that any airplane engines of American manufacture were on the ship and almost inconceivable that there could have been 800. Telegraph any further information which you may receive in regard to this matter.⁷⁷

HULL

⁷⁷ In his despatch No. 369, July 2, the Vice Consul at Barcelona reported that in attempting to confirm, or disprove, the information contained in his telegram of June 16, 3 p.m., to the Secretary of State, he had exhausted every available source of information without reaching a solution (852.00/6016).

352.1121 Fernandez, Antonio/47 : Telegram

The Consul at Gibraltar (Williams) to the Secretary of State

GIBRALTAR, June 19, 1937—11 a.m.

[Received June 19—9:10 a.m.]

Abstract of long telegram from Fisher regarding Fernandez follows:

Highest military authorities state that Fernandez has not previously claimed American citizenship and admits voting February 1936 elections when Spanish citizens only might vote; cannot permit Fernandez leave the country; must await trial; situation lamentable but he alone is to blame; Fernandez may have medical attendance available upon request.

Fisher says that if he remains in Palma de Mallorca to protect Fernandez may take 2 or 3 months.

I am informed by British Admiralty there will not be radio communication between Gibraltar and Palma de Mallorca after tomorrow until the 25th.

WILLIAMS

852.00/5777 : Telegram

The Vice Consul at Barcelona (Flood) to the Secretary of State

BARCELONA, June 19, 1937—6 p.m.

[Received 9:40 p.m.]

In what appears to be a political move to crush the P. O. U. M. (Trotsky Communist Party) in Barcelona, police authorities have announced the arrest of numerous persons including "dangerous foreigners and personages of a certain political party". No names given and prisoners being held incommunicado pending investigation. Probable charge in most cases will be espionage.

Charles A. Orr, born at North Branch, Michigan and wife Lois Cutler Orr, American citizens, José Escuder, Spanish, representing North American Newspaper Alliance whose American wife is here, and possibly other Americans are among those held.

Upon attempting to interview Orr and wife for the purpose of investigation, they were reported to have refused to see Consulate representative. Will report further facts when available.⁷⁸

FLOOD

⁷⁸ The Vice Consul reported on June 26 that Mr. and Mrs. Orr had been released. The other Americans were released some weeks later (352.1121 Orr, Charles A./6).

852.1121 Fernandez, Antonio/48 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, June 21, 1937—11 a.m.

[Received June 21—8:50 a.m.]

Referring further to the Department's June 5, 2 p.m., Antonio Fernandez Villa. Communication received from General Queipo de Llano states this person, his wife and mother were indicted March 11th last, with assisting in rebellion and that no evidence of his American citizenship was submitted.

BAY

852.48/121

The Secretary of State to the Spanish Chargé (De la Casa)

WASHINGTON, June 22, 1937.

SIR: I acknowledge the receipt of your note of June 16, 1937, concerning the interest of the Spanish Embassy in the admission into the United States of a number of children from Bilbao and the Basque country.

In reply I assure you that the Department has the most sincere sympathy for these children, who, as I understand it, have been forced to depart from their homes in Spain and are now living temporarily in France.

As to the question of their obtaining passport visas, the decision is placed by law upon the appropriate American consular officers abroad, who must be guided by the provisions of existing laws governing the admission of aliens into the United States. Although I am not in a position to give you any assurance at this time as to the final action which may be taken in regard to the visa applications of these children when made, I assure you their cases will have the most sympathetic consideration.

A copy of your note and of the present reply are being transmitted to the Department of Labor, which is responsible under the law for the admission into the United States of aliens to whom visas have been issued.

Accept [etc.]

For the Secretary of State:

SUMNER WELLES

852.2221/468

The Consul General at Marseille (Hurley) to the Secretary of State

No. 362

MARSEILLE, June 22, 1937.

[Received July 6.]

SIR: Reports have come to the Consulate that there are now upwards of 2,000 Americans engaged in the civil war in Spain, and it is to be

expected that the survivors will continue to cross the French frontier in ever increasing numbers.

So far six have come upon the Consulate and from its observations it is inclined to believe that the motives vary which inspired these men to disregard the appeal of the Government and the people of the United States that they remain neutral.

It would appear that among the American citizens who entered the conflict, some could be classed as out and out hired recruiting agents, whose purpose was to lead others to the scene of hostilities and then perhaps vanish; others no doubt came over due to inability to find employment and are probably not over enthusiastic under their present circumstances; others apparently were inspired by motives more or less ideological; and no doubt a section would be found whose predicament could be traced to an unscrupulous exploitation of their spirit of romance and adventure.

The measure of assistance which the Consulate can render such persons it is feared will be in no way commensurate with their needs. It has no funds on which to draw for their maintenance and repatriation, and it must be expected that on arrival they also will have no resources and in many instances will be unable to procure any.

It would appear that the only source from which they can demand assistance would be from the persons or agencies in the United States that effected their recruitment for this service. They have however shown no disposition to reveal the identity of such persons or agencies; and under the circumstances the Consulate has not felt called upon to press questions of this nature.

The Consulate is satisfied that while in France en route to Spain these men were adequately cared for by committees, most likely international, functioning for that purpose. While these committees will probably assist certain of the persons whose entry to Spain they facilitated, it must be expected that many will be left to shift for themselves. Such has been the experience of those who have come on this Consulate heretofore. They have however been so few in number that they have escaped the rigors of French laws and regulations.

Persons found in France without identity papers are subject to arrest and expulsion; and consular intervention in the case of persons arrested in remote districts near the Spanish frontier will certainly involve demands by local authorities for funds to defray transportation costs to the nearest consulate of such as claim American citizenship.

It is to be expected that any efforts of the Consulate to enable such persons to remain in France in destitute circumstances while awaiting funds or passports would find little sympathy with local authorities. The persons concerned would be unable to pay the fees for passports and photographs not to mention cables to the Department, friends and

relatives. The condition must accordingly be expected where some of these American citizens will be imprisoned for vagabondage and perhaps returned to Spain.

This Consulate recognises under the circumstances that occasion can arise where the Department and the Service may be subjected to criticism in the press or certain sections thereof, or where cases of hardship may be exploited in the instance of minors and young men acting under motives of adventure and not quite conscious of the false position in which their recklessness has placed the American Government. Nevertheless the salient fact remains that there are no funds available to enable them to report to the office, to provide for their maintenance, or for repatriation.

The Department has on occasion directed the Consulate to endeavour to ship certain of these men as workaways and it has consistently tried to do so, with success however in only one instance. It believes that repatriation by these means is virtually impossible, due to the definite policy of the American Export Lines of refusing to accept any workaways but its own seamen; and to the attitude of Union members on the Dollar Lines toward non-Union unpaid labor. While it may be possible to sign on men in rare instances, the solution of the problem by this method can be left out of consideration.

The practice of the Consulate in such cases has been to take up passports where issued not valid for travel in Spain, and to wire the Department. It has availed itself of the opportunity afforded by its cable informing the Department of the identity of these persons, to include the names of relatives, or friends who might provide funds for repatriation. As far as relief is concerned they have however been allowed to shift for themselves as it is understood that Red Cross funds were not destined for refugees of this category.

Unless instructed to the contrary the Consulate will continue this policy with reference to persons who entered Spain in connection with the present civil conflict.

Respectfully yours,

JOHN P. HURLEY

352.115/293

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

No. X-157

VALENCIA, July 2, 1937.

[Received July 21.]

SIR: In no instance of which I am aware has an injury to American interests in Spain during the present civil war been redressed—despite representations made to the local or national authorities by American consular or diplomatic representatives. This is presumed to be due to some extent to the customary influences of war upon

government and to a much greater degree to the impotence of government before the power of the anarcho-syndicalist and socialist labor organizations responsible for most of the injuries in question. As the civil war progresses the authority of the agencies of government seems to be increasing while the power of the proletarian forces tends to diminish.

It does not appear that the difficulties of American interests have been greater than those of other foreign interests, or that our representations have been less availing than those of other powers. The *London Times* of June 26, for example, contains an item concerning the affairs of the Barcelona Traction, Light and Power Company which is enlightening in this respect, and from which the following excerpts are transcribed:

“The seizure effected by the Workers’ Committee in Barcelona covers all the properties, funds, and banking accounts of the enterprise.

Representations made through the British Foreign Office against the usurpation of the interests of the enterprise, and protests from time to time by the British Consul-General in Barcelona to the Catalonian Government, have produced no satisfactory results. The funds and cash have been removed from the banking accounts of the enterprise and appropriated by the Workers’ Committee.

Prior to the outbreak of the revolution exchange control was in form and remittances from Spain were very restricted (in fact, no funds have been remitted from Spain since June 30, 1936), with the result that at the time the Workers’ Committee assumed control the liquid funds in Barcelona amounted to over 43,000,000 pesetas.”

Respectfully yours,

WALTER C. THURSTON

352.1121 Fernandez, Antonio/53 : Telegram

The Secretary of State to the Consul at Seville (Bay)

WASHINGTON, July 3, 1937—2 p.m.

Your telegram of June 21, 11 a.m. Fisher at Palma de Mallorca reports “authorities state Fernandez charged with being in possession of document considered contrary to military movement; grievous political activities as instanced by his leadership of a demonstration on May 1, 1936; actions contrary to public edicts. Authorities did not say what actions Fernandez performed and it is not possible now to give me a copy of document referred to. Authorities state trial will be over by end of July.”⁷⁹

The charges against Fernandez on the basis of Fisher’s report would not seem sufficiently grave to justify the rigid attitude apparently adopted by the authorities at Palma de Mallorca. He has already

⁷⁹ On August 6, the Department was informed that the trial had been postponed a month (352.1121 Fernandez, Antonio/68).

been in prison for some months and excessively severe action by Palma authorities is likely to have unfavorable reaction in this country.

You are requested to bring the above consideration to General Queipo de Llano's attention and suggest to him the advisability of finally terminating this situation by having the authorities at Palma permit Fernandez to leave the Island under Fisher's personal escort.

HULL

352.1121 Fernandez, Antonio/54 : Telegram

The Secretary of State to the Consul at Gibraltar (Williams)

WASHINGTON, July 3, 1937—2 p.m.

Your July 1, 2 p.m.⁸⁰ transmitting report from Fisher. Following for Fisher :

"Charges against Fernandez reported your 30th do not appear sufficiently serious to justify rigid attitude of authorities at Palma de Mallorca, especially since he has already served some months in prison. We have requested Bay to present situation to General Queipo de Llano in the hope that Palma authorities may be persuaded to permit Fernandez to leave Island under your personal escort. As stated in our telegram of June 14 unnecessarily severe action against Fernandez would undoubtedly cause most unfavorable reaction in this country. You should therefore continue your own efforts to persuade authorities to permit him to leave without awaiting trial. Obtain statement of Fernandez in duplicate in form of affidavit supporting his contention of innocence of charges made against him. Report any further details obtained regarding these charges and likelihood of authorities moderating their attitude."

HULL

852.48/136 : Telegram

The Consul at Bilbao (Chapman), Then in France, to the Secretary of State

ST. JEAN DE LUZ, July 4, 1937—1 p.m.

[Received July 4—11 : 15 a.m.]

Department's telegram No. B-203, June 14, 2 p.m. Spanish Consul at Hendaye called July 2nd to discuss question of admission of 500 Basque children, all under 16, into the United States. He has since furnished a letter showing the children are still to be evacuated which doubtless means Basque children from Bilbao now at Santander. I have furnished Consul General outline legal requirements to be met reserving the right to determine each individual case upon its legal merits.

CHAPMAN

⁸⁰ Quoted, except for introductory phrase, in telegram of July 3, 2 p.m., to the Consul at Seville, *supra*.

352.1121 Fernandez, Antonio/52 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, July 5, 1937—2 p.m.

[Received 5 p.m.]

Department's July 3, 2 p. m. General Queipo de Llano is not disposed to interfere in the case of Fernandez and the most I could obtain from him was a promise to take up the matter with General Franco. He also promised to inform me promptly General Franco's reply.

The General took occasion to refer to various past cases in which American citizens under detention were given special consideration. He feels that the law should be applied without distinction. He also pointed to the fact that our consular officers are given facilities of communicating by code which has not been conceded to Consuls of other countries that have not recognized Franco. Nevertheless, I feel he will recommend to Franco the release of Fernandez.

BAY

352.1115/3744 : Telegram

The Consul at Bilbao (Chapman), on Board the U. S. S. "Kane," to the Secretary of State

[SANTANDER,] July 7, 1937—9 p.m.

[Received 9:10 p.m.]

0007. Arrived 6 miles off Santander July 7, 7 p.m. [*a.m.*?], forced by fog to delay going on shore until 2 p.m. Telegrams addressed to all known American citizens provinces Santander and Asturias under plan to finish evacuation by Friday at noon, to return that afternoon to France. Governor had received my wireless message announcing visit and we were cordially received and promised helpful assistance. President Aguirre of the Basques sent word he should like for us to visit him and sent automobiles for us but we called on Governor first. Aguirre did not know plan of New York organization to receive 500 Basque children but was much interested since he says his mission now is to help as much as possible the 200,000 Basques who have retreated to Santander province. Food very scarce. Quiet prevailing. Congested streets present pitiable spectacle of abandoned pride in personal appearance of a people convinced they are facing defeat. Aguirre very discreetly suggested [apparent omission] will overthrow all that is left of the Government in North Spain.

Repeated to Ambassador Bowers.

CHAPMAN

352.1115/3744 : Telegram

The Secretary of State to the Consul at Bilbao (Chapman), on Board the U. S. S. "Kane"

WASHINGTON, July 9, 1937.

Your July 7, 9 p.m. We fail to understand how subject of Basque children arose in your conversation with Aguirre. Since discussion of this subject may give rise to unjustified hopes as to their admission into the United States, we feel that such discussion should always be avoided as much as possible.

HULL

352.1115/3761 : Telegram

The Consul at Bilbao (Chapman), on Board the U. S. S. "Kane," to the Secretary of State

BILBAO [*Santander?*], July 9, 1937—12 a.m.
[Received July 10—6 p.m.]

0010. Department's 9th. I had been informed on two recent occasions French Consul was threatened with refusal evacuation his nationals should he not take families of Basque and other high officials. It was when Aguirre appeared to be leading toward similar plan that I made suggestion concerning Basque children to be able to evacuate our nationals within our policy not to evacuate Spaniards. Aguirre was informed in the intimate friendly conversation that proposal to evacuate children was entirely unofficial and I am certain he did not misunderstand the position. Less tactful cultivation of officials in power probably would have resulted in disaster rather than the excellent success achieved entirely within our policy.

CHAPMAN

352.1121 Fernandez, Antonio/56 : Telegram

The Consul at Gibraltar (Williams) to the Secretary of State

GIBRALTAR, July 10, 1937—noon.
[Received July 10—9:45 a.m.]

Following telegram has been received from Fisher.

"Authorities assure me that Fernandez and wife will not be tried for any offenses committed prior to July 19th 1936, when this regime came into power here. Today I delivered to General Benjumeda del Rey who is military commander of Balearic Islands a note pointing out in detail views of Department concerning case".

WILLIAMS

852.2221/493

The Vice Consul at Valencia (Wells) to the Secretary of State

No. 78

VALENCIA, July 15, 1937.

[Received July 27.]

SIR: I have the honor to refer to my despatch No. 70 of July 6, 1937^a in which was mentioned the formation of a new battalion of American volunteers in the Spanish Government forces known as the "Thomas J. Mooney" battalion, and to report that before this unit left Albacete for the Madrid front, where it is now engaged in the Government offensive in the Brunete section, its name was changed by vote of its members to "Washington". According to the stories of two American volunteers—one a deserter—the "Washington" battalion numbered between 450 and 500 Americans when it was organized.

These same persons indicated that a considerable number of American citizens—perhaps half its strength—are enrolled in the Canadian "Mackenzie" battalion, and that a third American battalion to be known as the "Commonwealth" is now being formed. There is also a small anti-tank unit composed of about 20 Americans known as the "John Brown" company. Both of these battalions are said to be in training at Albacete. This latter report has not yet been confirmed from other sources, but if taken at its face value it would indicate the steady arrival of American volunteers, and would place the total of those who have arrived since the outbreak of the civil war close to 2000. Many of these are engaged in transport units, and it is believed that the number of Americans who have gone into front line action total about 1100. The casualties are reported to have been heavy, as well as the desertions. For instance, one deserter reported today that when the "Lincoln" battalion—original complement, 600—began the present drive on the Madrid front it had a combative strength of 152 Americans, about half of whom have been killed or wounded during the last 10 days. It is said that the "Washington" battalion also lost heavily. Both units were in the spearhead of the Government offensive west of Madrid.

Respectfully yours,

MILTON K. WELLS

352.0022/41 : Telegram

The Ambassador in Chile (Philip) to the Secretary of State

SANTIAGO, July 16, 1937—7 p.m.

[Received 7:11 p.m.]

38. The Minister for Foreign Affairs has requested me to inform the Department that his Government entertains grave fears for the

^a Not printed.

safety of the 1500 Spanish refugees still remaining in the precincts of its Embassy at Madrid. 500 of these are men of military age, the exchange of which for prisoners now held by the revolutionists has been accorded in principle by the Spanish Government. A cable received from the Chilean Ambassador now in Belgium states that the electric light of the Embassy in Madrid has been intentionally cut off and it is apprehended that similar steps will be taken to deprive it of water.

In view of this perilous situation the Foreign Minister on behalf of the Chilean Government requests the Government of the United States to make representations to the Spanish Government to hasten the arrangements for the exchange of the refugees of military age and to afford adequate protection to the remaining refugees now in the Chilean Embassy until their transportation to a foreign country can be assured.

Similar requests have been made of the British, French, Spanish, and other diplomatic representatives here.

PHILIP

352.1121 Fernandez, Antonio/58 : Telegram

The Consul at Gibraltar (Williams) to the Secretary of State

GIBRALTAR, July 17, 1937—10 a.m.

[Received July 17—7 a.m.]

I have received a telegram from Fisher of which following is an abstract:

Referring to Department's telegram of July 3, 2 p.m., and my telegram dated July 10, noon, commanding general not influenced by the Department's views; says that further efforts on the part of Fisher either on his own initiative or following instructions of the Department to evacuate Fernandez and wife without trial will be useless.

Complete text of telegram is being mailed.

WILLIAMS

352.1121 Fernandez, Antonio/59 : Telegram

The Secretary of State to the Consul at Gibraltar (Williams)

WASHINGTON, July 17, 1937—2 p.m.

For Fisher. Your 9th via Marseille⁸² and 17th via Gibraltar. We preferred if possible to effect arrangements for evacuation of interested persons before considering sending a naval vessel to Palma. In view of commanding general's attitude you should continue efforts to

⁸² Not printed.

obtain specific list of charges against Fernandez and report developments.

HULL

352.0022/41 : Telegram

The Secretary of State to the Ambassador in Chile (Philip)

WASHINGTON, July 22, 1937—4 p.m.

31. Your telegram No. 38 of July 16, 7 p.m. While we are always prepared whenever possible to use our good offices with foreign governments at the request of the Chilean Government, we do not feel that we can undertake to make representations to the Spanish Government on behalf of the Spanish nationals given asylum in the Chilean Embassy at Madrid. To do so would be contrary to our established policy with regard to diplomatic asylum and might weaken the effective action of our representatives in Spain in protecting our own nationals. For this reason we approved the action of our Embassy at Madrid in refusing asylum to Spanish citizens and in not associating itself with other missions under the leadership of the Chilean Ambassador in representations to the Spanish Government on this subject. Similarly we approved the action of our Ambassador at Buenos Aires in declining to attend meetings of the diplomatic representatives of the American Republics at that capital to discuss matters relating to the granting of diplomatic asylum by diplomatic missions at Madrid.

In the event that you should be pressed for a reply by the Minister for Foreign Affairs, you may mention the above considerations.

HULL

852.2221 Dahl, Harold/5 : Telegram

The Secretary of State to the Consul at Vigo (Graves)

WASHINGTON, July 23, 1937—7 p.m.

New York Times today carries article by correspondent William P. Carney from Salamanca giving interview with Harold Dahl, American aviator with Spanish Government forces captured recently by insurgents, who is quoted as stating that he and 4 other Americans, names Albert Baumler, Frank Tinker, James Allison and Charles Koch, "were engaged by the Secretary of the Spanish Embassy in Washington who produced contracts for them to sign and provided transportation to Spain". Dahl is further quoted as stating "I was given a Spanish passport in Mexico, which rebaptized me Hernandez Diaz thus retaining the initials HD of my real name. We traveled on a French liner from Vera Cruz to Bordeaux and I crossed the Franco-Catalan border at Port Bou on December 26 as a Spaniard.

Of the other 4 Americans 2 received Spanish passports from the Spanish Embassy at Washington with assumed Spanish names. The 2 others possessed their own American passports when they crossed the Franco-Catalan frontier notwithstanding that the passport of one was marked 'not valid in Spain.' ”

The Department desires to obtain a signed statement in the form of an affidavit from Dahl setting forth all the circumstances incident to the enlistment of himself and his companions and the issuance to them of Spanish passports by representatives of the Spanish Government in this country. This affidavit should be in triplicate.

You should arrange to proceed to Salamanca immediately to obtain an interview with Dahl, keeping the object of your visit strictly confidential. The *Times* correspondent reports that he was granted a 2-hour private interview with Dahl at the provincial prison in Salamanca.

The Department has just received a telegram from the American Embassy in Paris to the effect that Dahl's life may be in danger. Please investigate the circumstances and report the results of your investigation immediately to the Department.

Transportation expenses and per diem 6 dollars authorized, charge to transportation Foreign Service Officers.

HULL

852.2221 Dahl, Harold/10 : Telegram

The Consul at Vigo (Graves) to the Secretary of State

VIGO, July 27, 1937—7 p.m.
[Received 10:55 p.m.]

Department's telegram of July 23, 7 p.m. I have returned from Salamanca where I had a private interview with Harold Dahl and took his affidavit.

Dahl tells me that he and Frank Tinker, acting separately and at different times, signed contracts of enlistment in the Spanish Embassy in Mexico City. Dahl tells me that he went to Mexico in October of last year and there met José Melendreras a representative of the Spanish Embassy in Mexico City. Dahl tells me that his and Tinker's contracts were signed in the Spanish Embassy in Mexico City with Gordon Ordas, Spanish Ambassador to Mexico, acting for the Madrid Government. Dahl informs me that he and Tinker were issued Spanish passports by the Spanish Consul General in Mexico City whose last name he believes is Tampico, Dahl's passport issued in the name of Hernando Diaz and Tinker's in the name of Francisco Trejo (it also appears that Dahl's American wife was included on his Spanish passport and that she is now living at the Hotel Miramar in Cannes, France,

under the name of Edith Rogers Diaz). In addition to the other American pilots listed in the Department's telegram, Dahl mentions. . . . With the exception of himself and Tinker, Dahl informs me that the other American pilots were encouraged by Commander Sanz Sainz, then acting as agent of the Madrid Government in New York, to proceed to Spain to fly. According to Dahl's statement to me these men did not sign contracts in the United States and all travelled to Spain by way of France on American passports in company with Sanz Sainz who paid all their travelling expenses. Dahl tells me that only Baumler's passport had a notation not valid for travel in Spain. Dahl informs me that they signed their contracts abroad and that in these contracts, as in his and in Tinker's, there is a provision that the individual will not assert his rights as a foreign citizen during the continuance of the contract. Dahl tells me that he and Tinker sailed from Mexico and the others from New York and they all sailed in December of last year. (Dahl tells me that all of the pilots under reference have returned to the United States with the exception of Baumler and Tinker and that Sanz Sainz is dead.)

Dahl is apparently telling conflicting stories. To me Dahl denied that either he or any of the other American pilots had any dealings directly or indirectly with the Spanish Embassy in Washington and that the only part played by the Spanish Consul General in New York is the payment of allotments to wives of American citizens flying for the Spanish Government. However, the Assistant Judge at Salamanca, through whom I requested an interview with Dahl, volunteered the information that Dahl had signed a statement that he and Tinker had obtained their contracts and Spanish passports (the passports actually signed by the Spanish authorities in Mexico City) from the Spanish Embassy in Washington and that there is a regular ring operating in the United States to assist the Valencia Government. The headquarters are reputedly the Spanish Embassy in Washington . . . Dahl further told me that . . . upon his arrival in Paris he went to the Spanish Embassy as directed where he was ordered to proceed to Valencia. According to the Assistant Judge, Dahl's compromising signed statements are not to be furnished to Spanish or foreign newspaper correspondents before the court martial. The Assistant Judge informed me that after the court martial they intend to have photographed and published certain of Dahl's compromising statements. The Spanish authorities at Salamanca are letting Dahl sign and retract as many statements as he likes. Although refraining from the slightest suggestion of physical intimidation, Dahl tells me that the authorities are encouraging him to sign statements which would tend to implicate innocent persons or persons whose activities

he knows nothing about. Preposterous as the charge is, I feel I must mention the Assistant Judge's statements to me that they have proof of the activities of . . . in favor of Valencia Government.

Although he stated that under existing regulations he could not officially advise me of the date that Dahl's court martial will take place, the Assistant Judge assured me that unofficially he would advise me in sufficient time so that I could attend. He stated that the date of the court martial had not yet been set but that it would be held at Salamanca in about two weeks. He further stated that Dahl would be tried for military rebellion and would unquestionably be sentenced to death. I can only suggest that as soon as the death sentence is confirmed, representations be made to Queipo de Llano for a commutation of sentence, assuming that the Department considers Dahl entitled to protection as an American citizen. Dahl tells me that neither he nor any of the other American pilots have taken an oath of allegiance to Spain or naturalized themselves as foreign citizens. When captured Dahl apparently had no identifying documents on his person.

Will the Department please advise me of the receipt of this telegram? ⁸³

GRAVES

852.2221/495: Telegram

The Vice Consul at Barcelona (Flood) to the Secretary of State

BARCELONA, July 29, 1937—11 a.m.

[Received 2:50 p.m.]

V . . . L. B . . . , R . . . G. B . . . , J . . . P. D . . . , and H . . . T . . . arrested near Barcelona yesterday for lack of documentation. All are deserters from the International Brigade at the Madrid front and were trying to make the frontier after having been refused assistance at Valencia and this office in accordance with Department's policy as expressed in similar cases.

. . . is one of those arrested and imprisoned in Perpignan in April and passport is said to be held by the Consulate at Marseille. Others had passports issued in March and April this year by the Department, . . . claims his lost in Paris, others taken up at Albacete. Names and addresses of families will be telegraphed if not available in the Department.

Authorities offer to release them into custody this office to be evacuated before ordering their formal incarceration, but this would be useless for proper documentation.

FLOOD

⁸³ The Department replied by telegram of July 30, 5 p. m., instructing the Consul not to attend the court martial (852.2221 Dahl, Harold/15).

852.2221 Dahl, Harold/12 : Telegram

The Consul at Vigo (Graves) to the Secretary of State

VIGO, July 29, 1937—7 p.m.

[Received 8 p.m.]

Referring to Department's telegram of July 28, 8 p.m.⁸⁴ The second paragraph of my telegram of July 27, 7 p.m. is all contained in Dahl's affidavit with the following two exceptions: (1) that his wife is included on his Spanish passport, and (2) the provision that the individual will not assert his rights as a foreign citizen during the continuance of the contract. With respect to the third paragraph, only Dahl's statement that wives of American citizens flying for the Spanish Government received allotments through the Spanish Consul General in New York and his statement that upon his arrival in Paris he went to the Spanish Embassy as directed where he was ordered to proceed to Valencia are included in the affidavit. Nothing in the fourth paragraph is included in his affidavit with the exception of his statement that he had not taken an oath of allegiance to Spain. In taking Dahl's affidavit, I took down only his positive allegations and accordingly no mention is made in the affidavit of the Spanish Embassy in Washington or of any one connected with it nor is reference made to . . . During my interview with him, Dahl was not aware that I knew of the interview he allegedly had with the *New York Times* correspondent nor had he any knowledge of my conversation with the Assistant Judge. Other statements included in Dahl's affidavit are the following: that he was born at Sidney, Illinois, on the 29th of June 1909; that previous to signing his contract he flew airships in Mexico for Melendreras, each occasion being to fly an airship to Vera Cruz; that, although not stipulated in his contract, he understood from Melendreras that he was only to act as an instructor of aviation in Spain; that he sailed from Vera Cruz on December 8 aboard the *Mexique* of the French Line and arrived at St. Nazaire on December 21; that he crossed into Spain at Port Bou on December 26; that he was not called upon to do any fighting until the middle of February when he saw duty on the Madrid front; that on April 12 he left for France because of ill health and did not return to Spain until June 24; that he returned to Spain for the purpose of collecting back pay due him but following his arrival in Spain he decided to remain on for another month in order to make \$1500 which was his regular monthly salary; that he was ordered to the front and flew on July 10 and 12 on which latter date he was brought down and captured.

⁸⁴ Not printed.

Dahl's affidavit will probably not be received in Washington in less than 2 weeks. However, with the receipt of this telegram the Department has the full substance of what Dahl stated in his affidavit.

GRAVES

852.2221 Dahl, Harold/16 : Telegram

The Secretary of State to the Consul at Seville (Bay)

WASHINGTON, July 30, 1937—5 p.m.

Department's telegram of July 24, 3 p.m.⁸⁵ It is assumed that you have received copy of Graves' telegraphic report to the Department and text of Dahl's affidavit which he was instructed to furnish you. Graves has been informed that we do not desire him to attend the court martial. You should, however, arrange to be informed without delay of the date and outcome of the trial for the Department's information.

In view of the statement of the assistant judge to Graves that Dahl will be tried for military rebellion and if convicted will be sentenced to death, you are authorized orally to inform General Queipo de Llano, for communication to General Franco, that it is our understanding that the internationally recognized laws of war do not sanction the execution of prisoners, and that we are reluctant to believe that he would approve such action. You may also inform the General, if you believe it would serve a useful purpose, that Dahl's execution would undoubtedly cause a most unfavorable public reaction in the United States.

HULL

852.2221/495 : Telegram

The Secretary of State to the Vice Consul at Barcelona (Flood)

WASHINGTON, July 30, 1937—6 p.m.

Your July 29th, 11 a.m. [Here follows passport information for the four Americans arrested near Barcelona.] Since authorities offer to release these men to you for evacuation before ordering their formal incarceration, you are authorized to issue special certificates of identity for travel to Marseille⁸⁶ only setting forth above facts in evidence of American citizenship. Advise Consul Marseille to take these certificates up and to issue passports to these men valid only immediate return to United States upon execution affidavit setting forth in detail circumstances of recruitment, obtention of passport,

⁸⁵ Not printed.

⁸⁶ The Consul General at Marseille on August 7 reported the arrival of these four men (852.2221/502).

use of passport and service in Spanish Army. Passports should be delivered purser of ship and Department advised sailing by cablegram. If funds are needed for repatriation advise Department names and addresses of relatives and it will endeavor to obtain them.

HULL

852.00/6137 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, August 2, 1937—9 a.m.

[Received 9:55 a.m.]

321. The Valencia Government has instructed Governor of Asturias to facilitate evacuation of Americans. My despatch No. 1304, July 13th⁸⁸ reports regarding refusal Governor of Asturias to authorize evacuation any foreigners without specific instructions from Valencia. I instructed Thurston to request Government to send instructions and am just informed instructions sent. Could go to Gijon now and get results in Asturian section. We have some belated arrivals in Santander wishing evacuation. See my despatch No. 1304, July 13th. Can go to Gijon any time but since Basques planning offensive on northern front, if we go to Santander arrangements should be made without delay.

BOWERS

852.2221 Dahl, Harold/24 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, August 4, 1937—noon.

[Received August 4—10:17 a.m.]

My August 3 [2], noon.⁸⁸ General Queipo de Llano stated this morning he would communicate to General Franco the views of the Department concerning Harold Dahl which I conveyed to him orally in accordance with the Department's July 30, 5 p.m. He hinted that Dahl may be exchanged.

BAY

852.00/6137 : Telegram

The Secretary of State to the Ambassador in Spain (Bowers), Then in France

WASHINGTON, August 4, 1937—2 p.m.

265. Your 321, August 2, 9 a. m. Chapman and such members of staff as may be necessary authorized to visit Gijon and Santander

⁸⁸ Not printed.

aboard U. S. S. *Kane* to evacuate American nationals and also such Cuban nationals as circumstances may permit. Navy Department is telegraphing appropriate instructions to Admiral Fairfield. The *Kane* is understood to be now at Bordeaux.

345 Cuban refugees have reported themselves to the Cuban Consul at Gijon and the Brazilian Consul acting for Cuba at Santander. The Cuban authorities fully understand that our facilities for evacuation are very limited and that it will be Chapman's first duty to evacuate American nationals, but the Cuban Government will be deeply grateful for any assistance, however limited, which it may be possible to render their nationals.

If the situation warrants Chapman may make two trips but unless an emergency arises the *Kane's* trip to Brest should be carried out as at present scheduled.

HULL

352.1115/3927a : Telegram

The Secretary of State to the Ambassador in Spain (Bowers), Then in France

WASHINGTON, August 6, 1937—7 p.m.

B-271. The Cuban Embassy here, at the request of the Department, informed its Department of State yesterday that responsibility for obtaining permission for Cubans to leave Spain must rest with the Cuban Government; also that any difficulties arising with regard to the issuance of passports, et cetera, must be for settlement by the proper Cuban officials with the Spanish Government. It was made clear to the Cuban Embassy that the *Kane* will be at Gijon and Santander to evacuate such Cubans as the Spanish authorities permit to leave, and that all arrangements must be made by the Cuban authorities.

No request was made that evacuation of Cubans be confined to those with passports issued in Habana and those whose citizenship is certified for by the State Department.

HULL

711.00111 Lic. Hanover Sales Corp./5 : Telegram

52

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, August 9, 1937—5 p.m.

[Received 6:10 p.m.]

1133. Your 361, July 22, 1 p. m.⁸⁹ Miles Sherover,^{90a} who sailed *Empress of Britain* August 7, stated that during his stay at Valencia

⁸⁹ Not printed.

^{90a} President of the Hanover Sales Corporation, 30 Broad Street, New York City.

he had been the guest of Prime Minister Negrín and closely in touch with Prieto. He claims to have concluded arrangements for the purchase by the Spanish Government of approximately \$20,000,000 of automotive and aviation equipment in the United States all for "commercial use". He said the Spanish Government commanded credits in the United States of several times \$10,000,000. According to Sherover he had been requested by Negrín to endeavor to contact the President and the Secretary in respect of our trade relations with Spain and the use of American influence to end the civil war. Sherover states that Negrín believes the struggle in Spain will continue through most of 1938 and says the Spanish Loyalist forces now include 500,000 well-equipped effectives.

BULLITT

352.1115/3956 : Telegram

The Secretary of State to the Consul at Seville (Bay)

WASHINGTON, August 13, 1937.

U. S. S. *Kame* leaving St. Jean de Luz, France, Sunday morning for Santander and Gijon to evacuate American nationals. Please inform appropriate insurgent authorities.

HULL

852.5151/275 : Telegram

The Secretary of State to the Counselor of Embassy in Spain (Thurston)

WASHINGTON, August 14, 1937—2 p.m.

375. The National Foreign Trade Council of New York has undertaken to represent a large number of American firms holding credits resulting from merchandise imported into Spain and feels that in view of the present civil strife in that country it should make every effort in behalf of these firms to obtain from the Spanish Government assurances that it will assume responsibility for the conservation of these blocked credits until such time as their transfer may be possible. Representatives of the Council have, therefore, approached the Spanish Ambassador in Washington, who displayed a sympathetic interest and undertook to bring the Council's views to the attention of the proper Spanish authorities upon the occasion of his recent visit to Valencia. The Council has not as yet, however, succeeded in obtaining the desired assurances from the Spanish Government.

It is obvious that such assurances, if obtained, would constitute a valuable safeguard not merely for the interests which the Council represents but for all American exporters holding blocked credits in Spain. When the occasion offers, therefore, you may in your dis-

cretion informally bring to the attention of the appropriate Spanish authorities our continued keen interest in the eventual liquidation of American credits in Spain and our hope that in the meanwhile every care will be taken to conserve them in anticipation of their ultimate transfer.

HULL

352.1115/3976a : Telegram

The Secretary of State to the Ambassador in Spain (Bowers), Then in France

WASHINGTON, August 14, 1937—4 p.m.

B-283. The Cuban Embassy here has been informed by its Department of State that the Cuban Consul in St. Jean de Luz has been instructed to receive the Cubans who are to be evacuated from Spain.

The Cuban Consul in Gijon has advised that all the Cuban refugees from Asturias and Santander have been concentrated at Gijon so that, so far as Cuban refugees are concerned, it is not necessary for the *Kame* to go to Santander.

[HULL]

352.115/297 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, August 14, 1937—6 p.m.

[Received 9:45 p.m.]

738. A decree dated August 6 designed to prevent the flight of wealth contains the following provisions:

"Article 4. Foreign entities and persons residing in Spain are required to present within 5 days to the branches or sub-branches of the Treasury Department in loyal territory the precious stones and metals, pearls, and jewels which they possess specifically described for the purpose of obtaining a permit for their retention. Failure to comply with this requirement shall constitute sufficient cause to prevent the exportation of those effects".

As it is quite certain that the authorities designated are not yet prepared to undertake the duties thus imposed upon them, and as it is unreasonable to expect Americans absent from Madrid, for example, to entrust to agents the transportation of their household silver and similar valuables to treasury offices (where furthermore they might be required to leave them indefinitely) I have advised those Americans who have consulted me that for the present they should merely prepare and deliver to the Embassy lists of their valuables and that the Embassy would discuss the subject with the authorities. I have

orally and informally taken up the matter at the Ministry of State pointing out the inconvenience that would be caused by a literal application of the decree, and objecting specifically to the excessively short time limit stipulated. It is probable that the time limit and penalty features will be amended or disregarded but that the other requirements will remain in effect. Have you any instructions?

The British Embassy has merely informed the Foreign Office of this decree.

THURSTON

352.1115/3962 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, August 15, 1937—7 a. m.

[Received 7:10 a.m.]

Department's August 13, evacuation American citizens, Santander. General Queipo de Llano advised me at 1:30 this morning as follows:

"Operations are being undertaken against Santander where military supplies are being received by the enemy and the Nationalists cannot be responsible for any damage to the *Kane* resulting from a call there. I therefore feel that this call should not be made. As to Gijon I request that the Nationalists be informed of the day and hour of the *Kane's* visit so that proper steps may be taken to ensure its safety."

Ambassador informed by telegraph.

BAY

352.1115/3961 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, August 15, 1937—1 p.m.

[Received August 15—11:45 a.m.]

332. My 323, August 5, 1 p.m.⁹⁰ Cuban Consul Abela here this morning. He says most "Cubans" are really Spanish but born by chance in Cuba and under Cuban laws Cuban citizens. He say his purpose is to send those brought out by us into rebel territory. This latter purpose in my opinion gravely compromises our record of absolute neutrality if Valencia hears and any of the Cubans are of military age. Since the *Kane* will probably return from Santander before going to Gijon you have time to consider this new phase.

BOWERS

⁹⁰ Not printed.

352.1115/3961 : Telegram

The Secretary of State to the Ambassador in Spain (Bowers), Then in France

WASHINGTON, August 16, 1937—7 p.m.

B-285. In view of the information in your August 15, 1 p.m., and since the *Kane* probably cannot in any event accommodate all the Cuban refugees at Gijon, it is suggested that preference in evacuation be given to women and children and to men with families.

HULL

352.1121 Fernandez, Antonio/72 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, August 17, 1937—noon.

[Received August 17—11:05 a.m.]

My August 14, 10 a.m.,⁹¹ Antonio Fernandez Villa. In a communication to General Queipo de Llano repeated by him to me General Franco states he cannot accede to my request for the release of Fernandez since he has no proof of his American citizenship but has documentary proof of his Spanish citizenship.

Fisher informed by telegraph.

BAY

352.1121 Fernandez, Antonio/74 : Telegram

The Secretary of State to the Consul at Seville (Bay)

WASHINGTON, August 20, 1937—1 p. m.

Your 17th, Antonio Fernandez Villa. Please impress on General Queipo de Llano that files this Government conclusively show that Fernandez was naturalized as American citizen on February 1, 1926, and that his wife, Salvadora, was naturalized on September 13, 1928; that the Department has no evidence indicating that either of them has ever relinquished American citizenship; that it would appear Fernandez and his wife lost Spanish citizenship under provisions Article 20 of Chapter 1 of the Civil Laws of 1889 by their naturalization in the United States; that careful investigation which Fisher has conducted in Mallorca indicates that they did not reacquire Spanish citizenship under provisions of Article 21 or otherwise and that it is considered view of this Government that they should be treated as citizens of United States. Passports of this Government may be issued to them for return to United States upon their release. In view of above information we trust that General Franco will now be

⁹¹ Not printed.

disposed to authorize release of Fernandez and wife subject to their leaving Palma at once in charge of our consular representative.

HULL

852.2221 Dahl, Harold/31 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, August 20, 1937—1 p.m.
[Received August 20—12:15 p.m.]

My August 4, noon, Harold Dahl. Commanding General, Seville, today expressed firm opinion that Dahl would not be shot even though tried but would be exchanged.

BAY

352.1115/4002 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, August 20, 1937—4 p.m.
[Received August 20—3:25 p.m.]

338. When *Kane* at Santander in July the Governor of Gijon refused permission for Americans to leave without his personal approval, which was refused without instructions from Valencia. On my instructions Thurston requested Government to send instructions and on July 31 he replied that instructions had been sent to all the authorities in Gijon.

Yesterday at Gijon the Acting Governor refused permission for evacuation of Americans in the absence of the Governor, then in Valencia, and later said the Governor from Valencia had instructed him that none of our people should go until he personally returned and gave permission. Chapman tried for 3 hours to persuade without effect and then returned to the *Kane*. Meanwhile, some Americans had gone to Gijon from this region on our request and probably stranded there. The vicious feature of this amazing story is that the Cubans were permitted to go and we brought out 146. When asked how these could leave without Governor's presence and permission and ours could not there was no reply. The Brazilian Consul acting for Cuba told Chapman there were just two ways to get out [*our*] people out (1) to pay money to officials or (2) to land marine guard and bring them out. No doubt in my mind that Cubans paid for their evacuation. This action at Gijon in my opinion makes it necessary for us to make it a direct issue with Valencia for evacuation of

our people. I suggest De los Rios⁹² be summoned and asked to explain.

Kane ready to return on Wednesday preferably, or Monday if required.

BOWERS

352.1115/4007 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, August 21, 1937—1 p.m.
[Received August 21—10:55 a.m.]

339. Thurston reports that Giral states that "he will send appropriate instructions to Gijon at once" but because of difficulties of communication requests return trip of *Kane* be delayed until about Tuesday. Have released *Kane* for fueling near Bordeaux with assurance not be needed here before Wednesday or Thursday. My fixed conviction is that now we must bring Americans out.

George⁹³ at Bordeaux reports application for visa from Spaniard of military age posing as naturalized Cuban with Cuban passport issued by Brazilian Vice Consul at Gijon; admission made that naturalization occurred in Spain. Official from Cuban Consulate, Bordeaux, with him assured George this was possible under Cuban law; when George proposed to look up the law Cuban Consul then confessed such naturalization impossible normally but "In present emergency in Spain large numbers of Spaniards becoming naturalized Cuban citizens". George refused visa. Estimated that from 50 to 80% Cubans brought out on *Kane* were Spaniards.

BOWERS

352.1115/4002 : Telegram

The Secretary of State to the Ambassador in Spain (Bowers), Then in France

WASHINGTON, August 21, 1937—2 p.m.

B-290. Your 338, August 20, 4 p. m. The Under Secretary invited De los Rios to call this morning and set forth in some detail our concern over the situation you reported in Gijon. The latter is promptly telegraphing Valencia with a view to straightening the matter out. You may wish to supplement this by further communication with Thurston in order that the latter may inform you as soon as new and specific orders have been sent to Governor at Gijon.

HULL

⁹² Spanish Ambassador in the United States.

⁹³ William P. George, Consul at Bordeaux.

352.115/300 : Telegram

*The Secretary of State to the Counselor of Embassy in Spain
(Thurston)*

WASHINGTON, August 21, 1937—3 p.m.

378. Your 738 of August 14, 6 p. m. Your action approved. Since the full application of the decree in question would appear to present the danger of eventual if not immediate confiscation of personal property of American citizens, you may express to the Ministry of State our earnest hope that American citizens will be exempted from compliance therewith. In any event insist upon waiver of requirement for delivery of such articles held by Americans. Please keep the Department informed of developments and report what action may be taken by the British and other foreign representatives.

HULL

352.1115/4007 : Telegram

*The Secretary of State to the Ambassador in Spain (Bowers), Then
in France*

WASHINGTON, August 23, 1937—6 p.m.

B-291. Your 339, August 21, 1 p.m. In order to make certain before trip is undertaken that *Kane* will experience no difficulties with Asturian authorities in evacuating American nationals desiring to leave, we are instructing Thurston to ascertain and report to you exact date instructions were sent by Valencia Government and whether instructions have been delivered to authorities at Gijon. We assume that you will arrange, in cooperation with Admiral Fairfield and commander of ship, for *Kane* to make a final trip to Gijon as soon as these assurances have been received from Valencia. We feel that the *Kane* on this trip should be able to evacuate all American nationals who may desire to leave. In order that they may have as much advance notice as possible it is suggested that Chapman advise them of forthcoming visit by whatever means may be available.

HULL

352.1115/4038

*Memorandum by the Chief of the Division of European Affairs
(Moffat)*

[WASHINGTON,] August 26, 1937.

Dr. de la Casa, Counselor of the Spanish Embassy, telephoned this morning and referred to a conversation between the Under Secretary and the Spanish Ambassador last Saturday with regard to the situation of the Americans in Gijon whose evacuation on the *Kane* had been refused two days before.

Dr. de la Casa told me that the Embassy had just received a telegram from the Spanish Foreign Office notifying him that orders had been sent to allow the Americans in question to depart.

I told Dr. de la Casa that this was the best of news and that the *Kane* would shortly leave for Gijon to evacuate the Americans now in that port.

PIERREPONT MOFFAT

852.5151/276 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, August 27, 1937—5 p.m.
[Received August 28—12:14 a.m.]

753. Your 375, August 14, 2 p.m. Senor Negrín informed me today that I might convey to you the assurance that the Spanish Government assumes responsibility for the conservation of blocked peseta accounts awaiting dollar exchange.

I did not attempt to suggest or to elicit a definition of the scope of the responsibility thus assumed, and the Department may prefer to let the matter rest on the basis of a general assurance. On the other hand, as it is possible that the Government would not consider itself responsible for the loss of deposits in private banks (see my despatch No. X-59 of March 4⁹⁴) the Department may deem it advisable to attempt to obtain explicit assurance on this point or to have such deposits transferred to the Bank of Spain.

With respect to the general subject of the blocked accounts Senor Negrín stated that it is proposed to undertake their liquidation at an early date. He confirmed previous reports that Miles M. Sherover has been authorized to discuss the matter with American creditors. See my despatch No. X-187, August 7.⁹⁴

THURSTON

352.115/301 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, August 27, 1937—6 p.m.
[Received August 27—4 p.m.]

754. Department's 378, August 21, 3 p.m. I have reached an agreement with the Ministry of Finance (which Senor Negrín assured me this noon meets with his approval) whereby lists of valuables possessed

⁹⁴ Not printed.

by Americans may be submitted to the Ministry of State by the Embassy in lieu of the procedure stipulated in the decree.⁹⁷

The British are taking no action. The French have protested against the short time limit and will cite their general treaty of friendship in warning against confiscation "which the decree does not contemplate in the case of foreigners".

THURSTON

852.5151/277 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, August 28, 1937—11 a.m.

[Received 2:43 p.m.]

755. My 753, August 27, 5 p.m. The Director of the Exchange Bureau informed me this morning that virtually all peseta deposits awaiting dollar exchange are in private banks and that the banks and not the Government are responsible therefor. He was, of course, not aware of my conversation with Negrín yesterday.

THURSTON

352.1121 Fernandez, Antonio/82 : Telegram

The Secretary of State to the Consul at Seville (Bay)

WASHINGTON, August 28, 1937—3 p.m.

Department's telegram of August 20, 1 p.m. Despatch from Fisher describes frankly hostile attitude of General Benjumeda del Rey, in command at Palma, who insists that Fernandez must be tried although date of trial still undetermined. Telegram just received from Fisher at Leghorn⁹⁸ states he was never advised by Spanish authorities that they possessed documentary proof of Fernandez's Spanish citizenship. He expresses opinion that Fernandez will be sentenced. In view of attitude of commanding general at Palma it is feared that he would approve sentence of military court however severe. In view of detailed information regarding citizenship status of Fernandez furnished in our telegram under reference it is hoped therefore that General Franco may be persuaded to order his release before being brought to trial.

HULL

⁹⁷ By instruction No. 462, September 2, the Department approved his action in obtaining this agreement (352.115/306).

⁹⁸ From the Consul at Leghorn, dated August 27; not printed.

352.1115/4071 : Telegram

The Consul at Bilbao (Chapman), Then in France, to the Secretary of State

ST. JEAN DE LUZ, August 31, 1937—1 p.m.

[Received August 31—10:25 a.m.]

Subject evacuation of American citizens and Cubans from Gijon. All of the American women and children who desired to be evacuated were permitted by the authorities to leave with the thrust that it is inhuman for foreign powers to [refuse to?] evacuate Spanish women and children while allowing insurgents to bomb them. Eight men over 18 still without authorization to evacuate where [*when?*] we were required by instructions to leave Gijon. There are others who did not respond to telegrams. Twenty-seven being sent to Havre tonight.

Seventy Cubans had been approved for evacuation but at the time to leave authorities struck 30 from the lists. No others able to get authorization to leave.

CHAPMAN

852.5151/278 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, September 1, 1937—6 p.m.

[Received 8 p.m.]

763. When letters from the United States addressed to American citizens in Spain are found by the censor to contain checks on foreign banks a printed slip is inserted into the envelope directing the recipient to surrender the check within 8 days to the Exchange Control Office. Upon taking up the matter with that office I was first informed that American citizens who so preferred would be permitted upon application to return such checks. This permission, however, has been refused in one instance and the Exchange Control Office now states that also foreign exchange of this nature must be surrendered to it.

The basis for this action is said to be a decree issued in 1931. It would seem, however, that no domestic decree should apply to transactions not in any way affecting it, and that the ruling described is tantamount to confiscation of American property. Have you any instructions?

THURSTON

852.2221 Dahl, Harold/39 : Telegram

The Secretary of State to the Consul at Seville (Bay)

WASHINGTON, September 1, 1937—6 p.m.

Your telegram of August 4, noon, and Department's telegram of July 30, 5 p. m.

Telegram from Ambassador Bowers reports Dahl has been court martialed and condemned to death. Please call upon General Queipo de Llano immediately and inquire as to the accuracy of this report. You should repeat to the General, and through him to General Franco, our understanding that the execution of prisoners of war is not sanctioned by any rules of civilized warfare.

Telegraph a report of the results of your conversation.

HULL

852.00/6445

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

[Extracts]

No. 1328

ST. JEAN DE LUZ, September 2, 1937.
[Received September 11.]

SIR: I have the honor to report, in amplification of my telegram No. 344, August 30, 1 p. m.⁹⁹ that during the course of a conversation with the Governor's office in Gijon between Mr. Chapman and the secretary of the Governor, the latter observed that "it is inhuman that foreign nations refuse to take out our women and children while not protesting against their slaughter by rebel planes from the air." This was pointed enough and under the circumstances was apparently applied to us, since there was a natural desire of the officials to save their own families. These words were spoken immediately after a bombing and when the speaker was highly excited. It seemed certain to me that should we be in Gijon at a time when the insurgents approached the city a determined effort would be made by the officials to have us take them on the *Kane*.

Our policy of aloofness from the contest has been pronounced absolutely and honestly neutral by all the responsible leaders on both sides. But the insane hatred, the mad-dog spirit of the rank and file on both sides makes a reasonable interpretation of any action by any one practically impossible.

On the insurgent side it is admitted that we have been honest and consistent in our policy. But in last Sunday's *Domíngo*, a weekly paper, published in San Sebastian I find the first expression of open

⁹⁹ Not printed.

criticism of our policy of not giving away, or selling, fake passports, and of not converting our Embassy into a hiding place for Spaniards partisan in the war.

I am convinced that deep down, both sides have a respect for us that they only pretend for others who have indulged in this questionable work, and certainly more respect for us than for those who "commercialized" their humanitarian activities.

These two mild criticisms persuade me however that the more we remain in the background the better we are served; and that our policy in the long run will make us more friends than the others have made.

While we are criticized for not participating in the war as so many of the others have done, we still are praised more on both sides for our honesty and consistency than is any other nation. I am sure that if we continue our policy without deviation we shall find whichever side wins ardently seeking our friendship the moment the war is over. It is glaringly true that no nation is treated with more consideration than ours. In the case of our evacuations, both the insurgents and the Government have gone the limit to protect us against incidents, and this is partly because both sides look hopefully to us for friendship at the conclusion of the war.

Respectfully yours,

CLAUDE G. BOWERS

852.2221 Dahl, Harold/44 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, September 3, 1937—9 a.m.
[Received September 3—7: 27 a.m.]

Referring further to the Department's September 1, 6 p.m. I saw Chief of Staff late last night. He promised to communicate at once, in the absence of General Queipo de Llano, with General Franco to confirm whether or not death sentence has been passed in the case of Dahl and to repeat the Department's views as before given.

Chief of Staff believes report false that death sentence imposed which supports same opinion in other high quarters.

BAY

852.2221 Dahl, Harold/58 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, September 12, 1937—10 a.m.
[Received 1: 55 p.m.]

Referring to Department's telegram of September 10, 5 p.m.,¹ I saw Franco [*General?*] Queipo de Llano September 6th about Dahl

¹ Not printed.

and Fernandez cases. The General had just returned from some time spent at the front and was exceedingly worn. No visitors were being received. My visit was now [*not?*] satisfactory. About Dahl he stated he had no information from General Franco who was now moving about on urgent matters. He said he did not fear that Dahl would be shot. He promised to take up with Salamanca new material submitted about Fernandez. He left shortly afterwards for Santander. Until he returns to Seville I do not believe anything substantial can be accomplished. I am confident however that both these cases were taken up directly by him on my previous visits but recent military activities have delayed their prompt consideration.

BAY

852.2221 Dahl, Harold/61 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, September 14, 1937—10 a.m.

[Received September 14—6:34 a.m.]

Referring to your [*my?*] telegram of September 13 [*12?*], 10 a.m. Letter just received from General Queipo de Llano states that General Franco declares that Dahl has not been condemned to death but has been placed on the list of prisoners to be exchanged.

BAY

852.5151/276 : Telegram

*The Secretary of State to the Counselor of Embassy in Spain
(Thurston)*

WASHINGTON, September 14, 1937—6 p.m.

386. Pertinent portions of your telegram No. 753, August 27, 5 p.m., and your 755, August 28, 11 a.m. have been transmitted to National Foreign Trade Council which, as stated in our telegram No. 375 of August 14, 2 p.m., is interested in obtaining assurances, on behalf of American creditors, from the Spanish Government for the conservation of blocked peseta accounts awaiting dollar exchange. Further consideration is being given to the advisability of endeavoring to obtain specific assurances from the Spanish Government with regard to blocked peseta accounts in private banks or authorization for their transfer to the Bank of Spain, and as soon as the Department is informed of the opinion of the Council in this regard you will be further advised.

The Department was informed in a telegram from Ambassador Bowers dated September 2² that "Negrin prepared to offer precise assurances regarding American blocked money involving substantial

² Not printed.

cash payment and short-term bonds for balance." In view of this report and your report that Miles M. Sherover has been authorized by the Spanish Government to discuss the matter of liquidation of these blocked accounts with American creditors, you are confidentially advised that the Department has been informed by the National Foreign Trade Council that inasmuch as the acceptance of Spanish Government obligations in liquidation of blocked American credits might be construed as inconsistent with the provisions of the Neutrality Act³ applicable to Spain, the Council does not intend to conclude any negotiations on this basis while the Spanish conflict continues. Pending the outcome of the existing conflict in Spain the acceptance of Spanish Government bonds or other obligations in whole or partial payment of these credits may also be inadvisable from the point of view of their conservation and full eventual liquidation.

HULL

852.5151/278 : Telegram

*The Secretary of State to the Counselor of Embassy in Spain
(Thurston)*

WASHINGTON, September 16, 1937—7 p.m.

389. Your 763, September 1, 6 p. m. You may take up the matter informally with the Ministry of State with a view to ascertaining whether it would not be possible for the Exchange Control Board to revert to the policy previously followed of permitting American citizens so desiring to return checks on foreign banks, especially in view of the small amounts probably involved.

HULL

852.5151/283 : Telegram

*The Secretary of State to the Counselor of Embassy in Spain
(Thurston)*

WASHINGTON, September 17, 1937—7 p.m.

392. Your telegram No. 776 of September 17, 10 a.m.⁴ American press has recently carried reports that negotiations were being initiated between this Government and the Spanish Government for the payment of some 30 million dollars of private American blocked credits in Spain. The facts are as follows: On September 15, Miles M. Sherover called by previous appointment upon the Secretary and handed to him the original of a letter he had received from Negrín dated August 2, 1937. In this letter Negrín stated that with respect to damage suf-

³ 50 Stat. 3.

⁴ Not printed.

ferred by foreign property or interests through illegitimate actions due to the war the Spanish Government proposed to form a commission to assemble and deal with claims arising therefrom. With respect to commercial credits pending payment he stated that the Spanish Government "regards as just the petition of American creditors and, although this is a problem which it has inherited, it is disposed to reach an agreement with these creditors concerning the manner of paying such debts. The agreement may consist, in general terms, in the payment of a part of the recognized debts in cash and the balance in installments over a period of years, with normal interest until they are entirely paid." The letter concludes by authorizing Sherover to initiate the necessary preliminary conversations with the interested parties. Mr. Sherover then stated that he believed that a settlement of private American claims against Spain would have a most helpful effect upon trade relations between the United States and Spain. He discussed this point at considerable length and then asked whether the Secretary would be willing to give him a letter stating that in his opinion a beneficial effect on Spanish-American trade would follow such a settlement.

The Secretary told Mr. Sherover that we recognize that Spain has for some time been having financial difficulties particularly with respect to foreign exchange, and that we have been hopeful and confident that ultimately Spain would work out her own position and be able to provide the necessary foreign exchange for the payment of these private claims. He added that in connection with other countries he had been asked at various times for letters similar to the one Mr. Sherover desired and that he had not felt that he could acquiesce in such requests. The Secretary pointed out that these debts are private debts in which the American Government naturally has a sympathetic interest but that they are, of course, a matter for discussion with the creditors themselves.

The Spanish Ambassador at Washington and the National Foreign Trade Council have been informed of the gist of the Secretary's conversation with Mr. Sherover.

HULL

852.5151/299

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

No. X-228

VALENCIA, September 22, 1937.

[Received October 8.]

SIR: The publicity given to the activities in Washington of Mr. Miles M. Sherover in connection with the liquidation of blocked dollar exchange accounts in Spain, reported in the Embassy's telegram num-

ber 776, of September 17,⁵ caused the London principals (National City Bank) of the International Banking Corporation to instruct their Barcelona branch to send a representative to Valencia to discuss the matter with the Spanish authorities. Mr. Benjamin Fulgenzi, the Bank official selected for this mission, called at the Embassy a few days ago seeking information with respect to the negotiations he presumed had already taken place. I suggested that it would probably clarify matters if he should first go to the Spanish authorities and thereafter speak with me. Mr. Fulgenzi accordingly called on the Director of the Exchange Control Bureau (*Centro Oficial de Contratación de Moneda*), and the Sub-Secretary of Finance (in the absence at Geneva of the Minister, Señor Negrín). Both professed (truthfully, I believe) to be entirely without information on the subject.

The attempt made by Mr. Sherover, mentioned in the Department's telegraphic instruction 392, dated September 17, to obtain from the Secretary a statement in writing on this general subject, strengthens the impression I received from my conversations with him that the principal objective of these negotiations is to create a foundation for a new and appealing type of pro-Government propaganda. I have no doubt, however, that if the prospects for a successful campaign of propaganda should appear favorable, the Government would go so far as actually to negotiate with American creditors an arrangement for a "token payment" on their blocked accounts. In this connection, Mr. F. T. Caldwell, Vice President of the International Telephone and Telegraph Corporation (Spain), has informed me that during a recent conversation on the subject of his Corporation's blocked accounts Señor Negrín bluntly stated that if he were convinced that the settlement of the account under discussion (approximately one million dollars) would produce a favorable reaction in the United States he would pay it.

Respectfully yours,

WALTER C. THURSTON

852.2221 Dahl, Harold/68 : Telegram

The Consul at Vigo (Graves) to the Secretary of State

VIGO, September 27, 1937—7 p.m.

[Received 8:10 p.m.]

Your July 30, 5 p. m.⁶ I am informed from Salamanca that Harold Dahl is to be tried by court martial at 11:00 o'clock on the morning of October 5. The assistant judge in charge of the case, who was apparently the person telephoning me, asked that I attend the trial.

⁵ Not printed.

⁶ Not printed; it instructed the Consul not to attend the court martial of Harold Dahl (852.2221 Dahl, Harold/15).

He appeared particularly interested due to the foreign correspondents at Salamanca who will cover the case. I told him, however, that I was not planning to attend the trial. Repeated to Seville.

GRAVES

852.1121 Fernandez, Antonio/89 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, October 5, 1937—1 p.m.

[Received 2:22 p.m.]

Referring further to the Department's telegram of September 10, 5 p. m.,⁸ after discussing the Fernandez case with General Queipo de Llano today he told me he would write the Commandant at Palma de Mallorca to see if Fernandez and his wife could not be released for return to the United States and he asked me to inform Fisher to talk this matter over with the Commandant when this letter has been received. I have telegraphed Fisher in this sense.

BAY

852.2221 Dahl, Harold/72 : Telegram

The Consul at Vigo (Graves) to the Secretary of State

VIGO, October 8, 1937—2 p.m.

[Received 2:34 p.m.]

Referring to my telegram of September 27, 7 p. m., the special judge in charge of the case telephoned me this morning from Salamanca that Harold Dahl was sentenced to death by court martial which sentence General Franco has commuted to life imprisonment. The special judge stated that efforts are being made to obtain Dahl's full release and suggested that I might wish to proceed to Salamanca to discuss the case. I limited my action to expressing to the special judge appreciation for telephoning me and to informing him that I would advise my Government in the premises. I understood from the special judge that three Russian aviators tried with Dahl were sentenced to death and their sentences have not been commuted. Repeated to Ambassador Bowers at St. Jean de Luz and to Consulate at Seville.

GRAVES

852.2221 Dahl, Harold/74 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, October 11, 1937—1 p.m.

[Received October 11—12:30 p.m.]

Referring to my telegram of October 8, 10 a.m.,⁸ Harold Dahl. General Queipo de Llano informed me this morning that Dahl is

⁸ Not printed.

being exchanged and that the exchange has probably already been effected. If it has not been concluded he said it will take place immediately.⁹ Repeated to Vigo and Ambassador Bowers.

BAY

352.115/311 : Telegram

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

VALENCIA, October 11, 1937—3 p.m.
[Received 7:25 p.m.]

797. See despatch X-178, July 31.¹⁰ A decree dated August 6 was promulgated August 7 creating a commission to examine and report upon the petitions and claims addressed to the Government by foreign entities or persons. The supplementary decree dated August 31 was promulgated September 9 designating Alvarez del Vayo as Chairman of the commission and Rafael Ureña, the Secretary General of the Ministry of State, as Vice Chairman.

In response to representations I was renewing orally at the Ministry of State Saturday, I was informed that the commission in question will soon begin to function.

Insofar as I am aware all cases in which American interests have been adversely affected have already been informally presented to the Ministry of State by the Embassy (the procedure stipulated by the decree of August 6).

Repeated to Ambassador Bowers and Paris.

THURSTON

352.1121 Fernandez, Antonio/99 : Telegram

The Vice Consul at Gibraltar (Johnson) to the Secretary of State

GIBRALTAR, October 22, 1937—6 p.m.
[Received October 22—4:20 p.m.]

Following telegram has been received from Fisher, Palma de Mallorca:

"20th. Reference yours 16th to Seville. Made courtesy call on General Canovas Lacruz¹¹ 13th, referred to Fernandez case and General said was not familiar with case as here short time but shortly would give available information. Called again yesterday. General handed memorandum which states on January 25, 1927, Fernandez applied for benefits decree of March 24, 1926; relative deserters, that same date benefit granted payment \$48, that on February 17, 1932,

⁹ Dahl was never exchanged. He was finally released in February 1940 and returned to the United States.

¹⁰ Not printed.

¹¹ General Benjumeda del Rey was transferred to the mainland on October 8, and on October 9 General Canovas Lacruz took charge.

applied to commanding general for pardon non-presentation military service, that 1927 applied to Spanish Consulate authorization residence in Spain which was given that he voted elections 1936, that therefore must be considered Spanish citizen, that he is indictable and proper time to establish definitely his true nationality will be after trial if absolved or pardoned; that Franco is being consulted as to what nationality he is to be considered. General indicated trial must be held. Believed case not finished month or more as after trial probably several weeks required for definite decision.

General has received communication from Queipo de Llano but does not change situation.

Should I return to Italy pending final outcome case, cheaper for the Government in view of authorized expenditures. Not necessary I attend trial, am in position keep close touch case. Several courses indicate final outcome case favorable. Believed case definitely will be over time above mentioned. Attitude of the authorities appears changed and friendly."

JOHNSON

352.1121 Fernandez, Antonio/101 : Telegram

The Secretary of State to the Consul at Seville (Bay)

WASHINGTON, October 25, 1937—8 p. m.

For Fisher. Department has received your telegram of October 20 through Gibraltar. The reasons adduced by General Canovas in support of the contention that Fernandez must be considered a Spanish citizen are not clear to this Department and in any event do not appear to contain anything to justify a change in our opinion that he and his wife are American citizens on the basis of the information available to us.

In view of the fact that General del Rey appears to have been replaced, it is hoped that progress may be made in obtaining an early trial. Consul Bay has been requested to bring this case again strongly to the attention of General Queipo de Llano with a view to obtaining immediate action on the part of General Franco. You should keep Bay, as well as the Department, informed of developments.

It is assumed that you are transmitting by mail the text of the memorandum handed to you by General Canovas.¹²

HULL

852.2221/630a : Telegram

The Acting Secretary of State to the Consul at Seville (Bay)

WASHINGTON, November 6, 1937—noon.

Department's telegrams of September 24, 5 p.m., and October 20, 6 p.m.¹³ We have received a number of communications from rela-

¹² Transmitted in the Consul's despatch No. 39, October 23, not printed.

¹³ Neither printed.

tives and friends of Americans reported captured by insurgents while serving with Spanish Government forces, requesting our intervention to obtain their release or to assure their safety. We have replied in all such cases that American citizens who voluntarily enter the military services of a foreign government must look to it for protection and cannot expect to receive the protection which is ordinarily accorded by this Government to its citizens abroad. For this reason we have generally limited our action in the cases of Americans serving in the armed forces in Spain to requesting our consular officers to report whatever information they might be able to obtain through unofficial channels regarding their whereabouts and welfare.

However, in the case of Dahl you were authorized, in view of reports that he was likely to be sentenced to death, orally to inform General Queipo de Llano that it is our understanding that the internationally recognized laws of war do not sanction the execution of prisoners. In view of similar reports regarding the fate of the Americans mentioned in our telegrams under reference, although we have received no confirmation of such reports, you may, if you think circumstances call for it, again bring our position in this regard informally to the attention of the insurgent authorities through General Queipo de Llano.

WELLES

852.2221/631 : Telegram

The Consul at Seville (Bay) to the Secretary of State

SEVILLE, November 9, 1937—2 p.m.
[Received November 9—1:15 p.m.]

I brought to the attention of General Queipo de Llano today the substance of the Department's telegram of November 6, noon, and he promised to take up the matter with General Franco. He unhesitatingly expressed the opinion that the persons concerned of which he knew nothing would not be shot. He volunteered to give assurance in advance that in no case are prisoners of war being executed for the simple fact of having fought against them. Only those he said who are guilty of crimes in connection with their service are held to strict accountability.

BAY

852.2221/633 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, November 11, 1937—1 p.m.

[Received November 11—12:23 p.m.]

391. Your telegram No. B-375, November 10, 11 a.m.¹⁴ In a number of informal conversations with officers civil and military of Franco am assured no Americans will be executed because Salamanca is convinced our neutrality is sincere and there is no desire to embarrass us because of violators of our laws. These assurances were voluntary and applied generally and not to subject matter of your telegram. I am sure we need not worry on that score.

BOWERS

352.1121 Fernandez, Antonio/111 : Telegram

The Consul at Gibraltar (Williams) to the Secretary of State

GIBRALTAR, November 21, 1937—10 a.m.

[Received November 21—7:35 a.m.]

Following telegram has been received from Fisher, Palma de Mallorca via British Navy:

"19th Fernandez sentenced 20 years wife 12 years.

General state[s] pardon cannot be obtained here. Application for pardon must be made to Burgos. Please advise."

WILLIAMS

852.2221/661

The Vice Consul at Valencia (Worley) to the Secretary of State

No. 130

VALENCIA, November 22, 1937.

[Received December 7.]

SIR: I have the honor to refer to my cable of November 21, 12 noon,¹⁵ regarding A . . . W . . . ; Jacob Rotter, passport name (real name P . . . C . . .) ; and Bernard Abramofsky, passport name (real name L . . . A . . .), latter covered in despatch No. 128 of November 20, 1937,¹⁵ and to report that these men came to the office on November 21, 1937 and made the following statements:

They jointly stated that it was impossible to obtain discharges from the International Brigade even though their contracts had terminated and they were going to attempt to escape to France. They pointed

¹⁴ Not printed; this telegram informed the Ambassador of the substance of the telegram of November 6, noon, to the Consul at Seville, and his reply of November 9, 2 p.m., *supra*.

¹⁵ Not printed.

out that they had come to Spain with the understanding that they would be working and fighting with a purely American unit but on September 23, 1937, they were informed that they were now a part of the Spanish army and would be subject to its jurisdiction whereupon many of the boys refused to continue and they were arrested; their fate being unknown. They also stated that they were prepared to make affidavits setting forth the names of the people in the United States who were responsible for bringing them and others to Spain, provided they could get to France. They appeared to be sincere in their hope that they could stop other American boys from coming over here to be slaughtered and one, A... W..., who worked for some time in the Political Commissars office, stated that one thousand Americans are expected by January. However, they were told that this office could not assist them in escaping, even though the writer knew their chances of escape were rather slim.¹⁶ These boys further stated that they had just come from the Brigade headquarters in Albacete where they witnessed the arrest of some twenty-five Americans, who had left the front lines to report to the headquarters for discharges because their contracts had expired, and that after a fake court martial they were taken back to the front lines under guard and executed.

No doubt, the statements of these boys may be exaggerated but it is the opinion of the writer that they have stated a good deal of truth. The following information covers each man individually according to his statements:

Respectfully yours,

LEE WORLEY

352.115/317

*The Secretary of State to the Counselor of Embassy in Spain
(Thurston)*

No. 489

WASHINGTON, November 22, 1937.

SIR: The Department has your despatch no. X-238 of October 12, 1937¹⁷ with which you transmit without comment copies of decree of August 6, 1937 published in the *Gaceta de la Republica* on August 7, 1937 and the decree of August 31 published in the *Gaceta* of September 9, 1937.

In your telegram no. 797 of October 11, 1937, 3 p.m., you state that the Commission appointed by the latter decree would soon begin to function. The Department desires you to ascertain and report what the status of the matter now is, and whether the Commission will

¹⁶ On December 20, the Vice Consul informed the Department that the three men had been arrested as deserters (852.2221/669).

¹⁷ Not printed.

sit in Valencia, or whether it will follow the Government to Barcelona, and if so what its address will be.

According to article one of the decree of August 6, the Commission will be charged with the examination of and the preparation of a report upon the petitions and claims addressed to the Government of the Spanish Republic by foreign entities or persons and "pertaining to any of the activities of the Civil Administration of the State, with the exception of those which fall within the purview of the Tribunals of Justice." Article three stipulates that all petitions submitted by foreign entities or persons "must be transmitted through the respective Diplomatic Representation to the Ministry of State" which will forward them to the Ministry of Finance which will deliver them, "together with the necessary data", to the Commission for examination and the submission of recommendations to the Presidency of the Council of Ministers.

The Department is not entirely clear as to just what activities of the Civil Administration of the State are covered by article one, or whether the decree is broad enough to cover claims for loss on account of acts to which Spanish subsidiaries of American concerns (or individuals) have been subjected. Presumably, however, it would cover such claims. Please advise on these points.

While there would be no objection to American claimants transmitting their cases through the Embassy, obviously the Embassy has not the facility, nor would it be in a position to conduct their cases before the Commission. Nor could the transmission of the claims by the Embassy be considered as binding this Government in any way with respect to the decisions that may be reached by the Commission, and you should so state in transmitting on behalf of American claimants any case to the Foreign Office for consideration by the Commission.

After the case has once been submitted by the Embassy, opportunity should be afforded the interested party to present arguments, evidence, et cetera, either personally or by representatives directly to the Commission. You may investigate and report what provision has been made for this being done.

You should keep in touch with the matter and advise the Department promptly and fully on all developments, and furnish it copies and translations of all pertinent rules and regulations that may be issued by the Commission or other Spanish authorities. The Department would, in addition to the information indicated above, desire to know what type of "data" or evidence the interested persons should submit.

You may furnish, if possible, a list of names of attorneys qualified to represent claimants before the Commission.

Since it is possible that some Americans have reported their cases to the Embassy at St. Jean de Luz, it may, in due course, be necessary for the Embassy at that place to transmit to you its files relating to such claims as come within the scope of the Commission's activities. The Consulate General at Barcelona also probably has cases which it may be necessary ultimately to transmit through you.

The Department desires the fullest possible information in order that it may in turn inform American claimants.

Very truly yours,

For the Secretary of State:
R. WALTON MOORE

352.1121 Fernandez, Antonio/117 : Telegram

*The Secretary of State to the Ambassador in Spain (Bowers),
Then in France*

WASHINGTON, November 24, 1937—7 p.m.

B-385. As you may know, about 5 months ago we sent Vice Consul Fisher to Palma to endeavor to obtain the release of Antonio Fernandez Villa and his wife, who have been in prison for over a year. When Fisher encountered difficulties in connection with this case in Palma, we sent several messages informally to the insurgents through Bay at Seville urging that these American citizens be released and allowed to depart from Palma and if this were not possible that they be tried at an early date.

Last Friday they were sentenced to 20 years and 12 years imprisonment respectively. This sentence appears to us to be extremely harsh and excessive and I desire to do everything that we can properly do to obtain their release. We have received numerous petitions from over the country urging us to do everything possible to bring about the release of this couple.

In view of the sentence which was pronounced last week, I feel that it would be desirable for another appeal to be made to General Franco in behalf of Fernandez and his wife. With this in view I am quoting the text of a personal letter which I believe that it would be desirable for you to send to General Franco in their behalf. The letter may be written on Embassy stationery but should be signed without your title. It may be sent to General Franco through the intermediary of Yrujo¹⁸ or in such other manner as you consider appropriate. We have given careful consideration to this step and we are convinced that the sending of such a personal letter would have no bearing whatever upon, and raise no question in connection with, the subject of recognition.

The text of the letter follows:

¹⁸ Manuel de Yrujo, Spanish Minister of Justice.

"My dear General Franco: An American citizen, Antonio Fernandez Villa, and his wife, likewise a citizen of the United States, were sentenced to 20 and 12 years' imprisonment, respectively, by a military tribunal at Palma de Mallorca, on November 19, last. Prior to the trial they had already been confined in prison for over a year.

The offense of which these American citizens were convicted was that of 'sympathizing with the enemy', a very general charge in support of which no evidence of subversive acts on their part has, so far as I am aware, been adduced. The principal evidence presented against them appears to have been a paper found in their bookstore, of which they have denied any personal knowledge or responsibility. An American consular officer was sent to Palma last June to investigate this case and endeavor to obtain an early solution thereof. During the past 5 months he has received frequent assurance from the military authorities at Palma that the case would soon be brought to trial, and that as the charges were not serious the sentence that would be imposed by the military court would be correspondingly slight. In view of all of these circumstances the decision now finally rendered by the military tribunal seems particularly harsh.

Since the military authorities at Palma expressed doubt concerning the American citizenship of the persons in question, perhaps because of their Spanish names and origin, detailed information in this regard was transmitted to you last August through the American consul at Seville and General Queipo de Llano. The records of the Department of State at Washington show that Antonio Fernandez Villa was naturalized as a citizen of the United States on February 1, 1926, and that his wife, Salvadora, was naturalized as a citizen of the United States on September 13, 1928. In this connection I am sure that it will not be necessary for me to repeat that the Department of State and American consular officers in Spain have always been most careful to extend assistance only to persons of American nationality.

In bringing this case to your personal attention, may I express the hope that you will grant a pardon to these American citizens. It is my understanding that they are prepared to leave Spanish territory immediately. Such an exercise of clemency would, I am sure, not only be an act of justice but would make an excellent impression in my country, where this couple have relatives and friends and where their plight has aroused widespread sympathy. In the event that this should be done, the American consular officer at Palma has been authorized to issue an American passport to Mr. and Mrs. Fernandez Villa for their return to the United States and to facilitate their departure from Spanish territory. Yours sincerely,"

You may of course telegraph me at once if you have any comments to make in connection with this proposed procedure before sending the letter. If you have no comments, telegraph when letter has been sent.¹⁹

HULL

¹⁹ By telegram No. 402, November 27, noon, Ambassador Bowers reported that the letter was delivered to Yrujo that morning.

352.1121 Fernandez, Antonio/120 : Telegram

The Ambassador in Spain (Bowers), Then in France, to the Secretary of State

ST. JEAN DE LUZ, December 6, 1937—7 p.m.

[Received December 6—6:15 p.m.]

407. My telegram No. 401, November 26, 1 p. m.²⁰ Have just received a letter dated the second from Sangroniz²¹ acknowledging in behalf of Franco my letter to him and that "I am today getting in touch with the competent authorities informing them of the contents of your above-mentioned letter".

He continues, "For the purpose of making absolutely clear everything relative to the nationality of the interested parties I would appreciate your informing me if, on becoming naturalized in the United States, they had inscribed the pertinent notation of their birthplace in the Civil Register directly or through the Spanish Consul of the place where they became naturalized".

We assume here that they presented to the court directly either their birth certificate or christening certificate as proof of their birthplace. However, I am submitting the question to the Department.

Since the Secretary's statement on Bilbao Consulate²² there is evidence that there is some apprehension in diplomatic cabinet lest they have gone too far and that they may relent.

My reply to Sangroniz will be addressed to him personally and signed as you instructed in the case of Franco.

BOWERS

352.1121 Fernandez, Antonio/124 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, December 13, 1937—6 p.m.

[Received December 13—1:20 p.m.]

513. Following from Fisher:

"25th. Fernandez and wife convicted on one and only charge of 'un delito de excitación á la rebelión' evidence alleged to show sympathy and complicity Red activities. Paper written by former Mayor of Alcurdia and found in residence Fernandez reads: 'General Goded killed tonight we will mount Red guard.' This paper and the fact that Fernandez and wife participated so-called Red parade May 1, 1936, considered principal evidence.

²⁰ Not printed.

²¹ Chief of the Diplomatic Cabinet of the Burgos government.

²² See Department's telegrams to the Ambassador in Spain, Nos. B-378, B-382, and B-384, November 15, 19, and 22, pp. 449, 454, 455.

Authorities here consider them Spanish citizens and case finished so far as they are concerned. General states any further action concerning agreement or pardon must be conducted through Burgos. Property probably will be confiscated. Reported most political prisoners will be released by general amnesty end of war. Full report by mail."

Fisher's letter of November 27 containing foregoing message was not received by the Embassy.

In that letter, a copy of which reached the Consulate here today, Fisher asked me to inform the Department that British naval vessels would no longer handle his messages because the "air was so full of work".

PHILLIPS

352.1121 Fernandez, Antonio/126 : Telegram

The Secretary of State to the Ambassador in Spain (Bowers), Then in France

WASHINGTON, December 13, 1937—7 p.m.

B-393. Your 407²³ Antonio Fernandez. Department does not fully understand nature Sangroniz's request. However, it may be stated that there is no law or regulation of this country requiring that persons applying for naturalization as citizens of the United States submit evidence that they have notified the civil or consular authorities of the country of their origin of their intention to become citizens of this country nor do the laws or regulations require that they make such notification after their naturalization. When Fernandez and his wife were naturalized they swore allegiance to the United States and swore that they absolutely and entirely renounced all allegiance and fidelity to any foreign prince, potentate, state and sovereignty and particularly to the Government of Spain.

If inquiry concerns Fernandez's possible reacquisition of Spanish citizenship under provisions Article 21 of Spanish Civil Code, it may be stated that Fisher fully explored the matter but reported that he could find no evidence that Fernandez had taken such action. Apparently the insurgent officers have been unable to find any record showing Fernandez reacquired Spanish citizenship as they have never made such allegation but have merely alleged that he held himself out as a Spaniard.

HULL

²³ December 6, 7 p.m., p. 561.

352.11/27a : Circular telegram

*The Secretary of State to All Consular Officers in Spain*²⁴

WASHINGTON, December 21, 1937—7 p.m.

In the absence of specific instructions regarding particular cases following rules should govern protection :

Regarding naturalized citizens, make investigation with view ascertaining whether expatriated under first paragraph Section 2, Act of March 2, 1907,²⁵ and if not whether resting under unrebutted presumption loss citizenship arising under second paragraph of above mentioned section. Persons unable overcome presumption should not be accorded protection. Presumption cannot be overcome under Rule (g) merely by expressing desire return United States but persons concerned must show that definite arrangements have already been made to return this country for permanent residence. Naturalized citizens unable overcome presumption except under Rule (g) should not be given protection with respect to offenses allegedly committed during periods they were resting under unrebutted presumption. Cases where there is doubt as to ability of naturalized citizen to overcome presumption should be referred to Department.

Protection should not be extended to persons having both Spanish and American nationalities unless such persons habitually reside in the United States, are in fact most closely connected with this country and are in Spain only temporarily. Doubtful cases should be fully reported to Department.

HULL

352.115/325

The Counselor of Embassy in Spain (Thurston) to the Secretary of State

No. X-287

BARCELONA, December 29, 1937.

[Received January 20, 1938.]

SIR: I have the honor to refer to the Department's instruction number 462, of September 2, 1937,²⁶ and to report that I have recently received from the Spanish authorities and distributed to the American citizens concerned several "permits" for the retention of certain types of valuables affected by a Decree issued on August 6, 1937. This finally establishes the principle, as to the application of that Decree to American citizens, upheld by the Embassy.

²⁴ Except the Consul at Vigo.

²⁵ 34 Stat. 1223.

²⁶ Not printed ; but see footnote 97, p. 544.

There are enclosed herewith for the Department's records a copy of the Embassy's note number X-163, of August 28, 1937, and a copy of its informal note of October 11, 1937, to the Secretary General of the Ministry of State.²⁷

Respectfully yours,

WALTER C. THURSTON

III. ENFORCEMENT OF RESTRICTIONS AGAINST SENDING AMERICAN AIRPLANES AND OTHER WAR MATERIAL TO SPAIN

711.00111 Unlawful Shipment/10: Telegram
Fritz Bieler, et al

The Acting Secretary of State to the Chargé in Mexico (Boal)

WASHINGTON, January 3, 1937—1 p.m.

1. Have just issued statement to the press as follows:

"The Acting Secretary of State, Mr. R. Walton Moore, this morning stated to the correspondents that the Government of Mexico has determined that airplanes of American make shall not be shipped from that country to Spain. He quoted from a statement received January 2nd by the American Embassy at Mexico City from the Mexican Foreign Office as a statement from the Government of Mexico to the Government of the United States with permission to publish. The statement reads as follows:

'The Government of Mexico has indeed supplied war materials of its own manufacture to the Government of Spain; however, with regard to war materials of foreign origin it has been its unalterable position that it would not serve as intermediary if the Government of the nation concerned did not furnish its full consent thereto. Firmly in accordance with this line of conduct, the Mexican authorities will not permit airplanes or any other war material whatever coming from the United States to be sent to Spain through Mexico, even in the case of acquisitions made by corporations or private parties.'

The Acting Secretary of State said that the action of the Mexican Government is a voluntary and most friendly recognition of the non-interference policy of the Administration and not the result of any protest made by the United States. 'In fact', Mr. Moore said, 'there is no ground on which we could have legitimately protested, since there is no treaty provision that applies and no statute to which we could point. The American policy is simply the President's announcement of the Government's attitude and an appeal to the people of the United States to refrain from any direct or indirect participation in the bloody Spanish civil war now in progress. The law does not equip the President with authority to enforce the policy or punish its violation.'

We greatly appreciate the splendid cooperation of the Mexican Government and wish you to so state to the Foreign Office.

MOORE

²⁷ Neither printed.

711.00111 Lic. Dineley, R. L./14

52

*Memorandum by the Chief of the Office of Arms and Munitions
Control (Green)*

[WASHINGTON,] January 5, 1937.

In compliance with instructions received, Mr. Dunn²⁸ of WE called the Spanish Embassy by telephone this afternoon. He ascertained that the Ambassador was absent in New York and was not expected to return to Washington until tomorrow. He therefore spoke to Señor Dr. Don Enrique Carlos de la Casa, Counselor of the Embassy, and asked him to come to his office this afternoon. By prearrangement, I was in Mr. Dunn's office when Señor de la Casa called.

We told Señor de la Casa that Mr. R. L. Dineley²⁹ had applied for nineteen licenses to export arms to Spain to the value of \$4,507,050. We said that the licenses would be issued this afternoon. We said that we had every reason to believe that Congress would, within the next day or two, enact legislation which would prohibit the exportation of arms to Spain and that, if such legislation were enacted, the licenses which would be issued to Mr. Dineley this afternoon would be revoked. We told Señor de la Casa that, in these circumstances, we felt that courtesy required that we should inform the Embassy of the facts in order that it might be understood that, if any monies were paid over to Mr. Dineley, it was highly probable that he would not be able to deliver the arms for which he might be paid.

Señor de la Casa thanked us for the information. He said that he intended to meet at the airfield this afternoon the Spanish Ambassador to Mexico, who was arriving in Washington by plane, and that he would give him the information which he had received from us.

JOSEPH C. GREEN

²⁸ James Clement Dunn, Special Assistant to the Secretary of State and Chief of the Division of Western European Affairs. On June 16, he was appointed Chief of the Division of European Affairs, and on July 17, Adviser on Political Relations.

²⁹ An American who was a registered exporter of arms.

711.00111 Lic. Wolf, Rudolf/36 : Telegram
51

The Ambassador in France (Bullitt) to the Acting Secretary of State

PARIS, January 7, 1937—1 p.m.
[Received January 7—10 a.m.]

21. Department's 558, December 30, 4 p.m.; and 525, December 15, 6 p.m.³⁰

The Consul at Havre reports that two planes knocked down in cases arrived at Havre on January 5th on the steamer *American Traveler* shipped by the Barr Shipping Company of New York to N. Z. [V] Hunzedal. No information is at present available with regard to the type or make of these planes nor name of the person to whom export license was issued.

The agent of Hunzedal says that the planes are intended for shipment to Bulgaria and that he expects to ship them on a Dutch vessel from Havre to Varna and thence to Sofia.

The shipping agents stated that the planes would probably not be cleared before the middle of the month.

Is the Embassy authorized to inform the appropriate French authorities concerning this shipment?

BULLITT

711.00111 Lic. Wolf, Rudolf/40 : Telegram
51

The Acting Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, January 8, 1937—noon.

7. Your No. 21, January 7, 1 p.m. Two of the Vultee airplanes, for the export of which to France licenses were issued to Rudolf Wolf, Incorporated, were shipped on board the *American Traveler*. Sixteen of the planes covered by Wolf's licenses and the wings of a seventeenth were exported on the steamship *Waalhaven*. The remainder of the seventeenth plane, a Northrop Delta, was shipped on the *President Harding*.

You are authorized to inform the appropriate French authorities concerning these shipments. See the concluding paragraph of Department's No. 558 of December 30 and of Department's No. 525 of December 15.³¹

MOORE

³⁰ Neither printed. They contained instructions for the Ambassador to obtain information as to the disposition of 19 planes being exported under licenses issued to Rudolf Wolf, Incorporated, and consigned to N. V. Hunzedal at Havre; and authorization, in his discretion, to inform the appropriate French authorities of this shipment of planes (711.00111 Lic. Wolf, Rudolf/23, 33).

³¹ Neither printed.

711.00111 Unlawful Shipment/16 : Telegram
Fritz Bieler, et al

The Acting Secretary of State to the Chargé in Mexico (Boal)

WASHINGTON, January 8, 1937.

6. Sensational reports appearing in the press state that the Mexican Government has reversed its decision in regard to the transshipment to Spain of airplanes of American origin and that it will give clearance for such transshipment to any planes which reach Mexico before the signature by the President of the Joint Resolution of Congress which prohibits the exportation of arms direct or indirect to Spain.

In view of the friendly and ample assurances given you by the Mexican President January 2 that no transshipment to Spain of arms of American origin would be permitted, I assume that the press reports referred to must be unfounded. Should there be any foundation for these reports, you are instructed to inform the Mexican President that the President and I have relied upon the assurances which he gave you and that this Government would be deeply concerned if these assurances, for which we publicly expressed our grateful appreciation, should be withdrawn.

You may point out that the *Mar Cantabrico* which sailed from New York in haste in order to clear before the law was enacted which would have prevented its departure, carried with it only eight planes and one airplane engine. The President signed at 12:30 today the Joint Resolution prohibiting the exportation of arms direct or indirect to Spain.³² The effect of this Joint Resolution will be to prevent the shipment of the other planes and engines for which Cuse³³ had obtained a license and to prevent all shipments under the licenses issued to Dineley. You may point out further that the transshipment from Mexico to Spain of any of the American planes recently exported to Mexico would constitute a violation by the exporters of one or more of the laws already in effect before they were exported from this country.

An export license for the 6 Condors was granted at the request of the Mexican Embassy on the understanding that they would remain in Mexico. Three American planes which you know are now in Mexico were illegally exported without an export license.

The common interest of the United States and Mexico requires in the interest of friendly relations that they should as good neighbors cooperate with each other in the enforcement of their respective laws governing the international traffic in arms. If there is foundation for the press reports mentioned, you are instructed to make every proper effort to bring about such cooperation in this case, and to that end it

³² 50 Stat. 3.

³³ Robert Cuse, President of Vimalert Co., Ltd.

is suggested that you make arrangements to see the Mexican President without delay.

Telegraph in full.

MOORE

711.00111 Unlawful Shipment/17 : Telegram
Fritz Bieler, et al

The Chargé in Mexico (Boal) to the Secretary of State

MEXICO CITY, January 8, 1937—11 p.m.

[Received January 9—2:48 a.m.]

16. Your 6, January 8th. I called on President Cárdenas this evening at 9 and told him of the press reports mentioned in your telegram. I told him that I was certain that in view of his previous statements to me these reports must be based on erroneous information.

However, it has been reported that these news stories were based on a Foreign Office source and hence they had received wide circulation. He immediately said that there had been no change in the policy of the Mexican Government in this matter and that absolutely no war material of American origin would be allowed to leave Mexico. He added that on the day of my previous conversation with him he had asked the Spanish Ambassador to call and had informed him that regardless of what war material of American origin he might have bought or might buy in Mexico or in the United States none of it would be permitted to leave Mexico.

To instance the firmness of his policy he remarked that the Mexican Army had a number of old airplanes of American origin which they would be glad to get rid of but that he had consistently refused to permit their sale for two reasons. First, because it would not correspond with his Government's policy of refusing to allow any war materials of American origin to reach Spanish hands through Mexico and, second, because he did not wish to permit its material so antiquated as to be dangerous to be sold for further use.

I explained to the President the circumstances attending the departure of the *Mar Cantabrico* and its small cargo. I remarked that it was reported that it might put into Vera Cruz although we had no confirmation of this.

The President said that if it did no war material of American origin would be loaded.

I remarked that in view of the extent to which today's news stories had gone you would doubtless be questioned on the report of a change in Mexican policy at press conference tomorrow.

The President asked me, in repeating to you the assurances contained in my 233³⁴ to suggest that you tell correspondents that the Mexican Government had repeated to you today its positive assurance that no war material of any character of American origin would be shipped from Mexico to Spain.

I thanked President Cárdenas warmly on behalf of the President and of the Department for his attitude of friendly cooperation and he replied that you might rely on that cooperation which was one of his essential policies and which would be followed in the interest of both Mexico and the United States. I did not show him your telegram No. 6.

BOAL

711.00111 Lic. Wolf, Rudolf/44 : Telegram

51

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, January 16, 1937—3 p.m.

[Received January 16—1:35 p.m.]

70. Department's 20, January 16 [15], 6 p. m.³⁵ Planes from *President Harding* and *American Traveler* are already landed at Le Havre. The *Waalhaven* was due to arrive at Havre last night.

All 19 planes have been sold by Hunzedal to an Antwerp firm known as Socdeco and resold by them to E. Godillot of Paris about whom the Embassy has so far been unable to obtain any information.

Ernest Powell³⁶ called on the Naval Attaché on January 8 to request his assistance in securing permission to test these planes for the Hunzedal Company. This request was refused.

It is stated in Havre that these planes will be shipped probably on a Rumanian vessel consigned to Varna, Bulgaria, with the probability, however, that they will be landed somewhere in Spain. However, no instructions have yet been given for the shipment from Havre.

The Embassy will keep the Department informed of any developments.

BULLITT

³⁴ Telegram No. 233, December 31, 1936, 9 p.m., *Foreign Relations*, 1936, vol. II, p. 626.

³⁵ Not printed.

³⁶ Ernest Powell and Jack A. Martin, to whom passports had been issued on December 18, 1936, had informed the Department that they were going to France, sailing on the *President Harding*, to reassemble and test fly planes for Hunzedal.

711.00111 Lic. Wolf, Rudolf/46 : Telegram

51

The Secretary of State to the Ambassador in France (Bullitt)

PARIS, February 5, 1937—2 p.m.

64. Your No. 70, January 16, 3 p.m. The Minister of Bulgaria informs me that he has been instructed by his Foreign Office to warn the Bulgarian Consulate in New York to exercise unusual care in validating bills of lading for arms destined to Bulgaria. The Minister's instruction was based upon information received by his Foreign Office from the former Spanish Minister in Sofia to the effect that a Bulgarian Consul had validated a bill of lading for arms ostensibly consigned to Varna but in reality intended for Alicante. The name "Hunzenell" was mentioned in connection with the alleged transaction.

The statements contained in the penultimate paragraph of your telegram under reference and the probability that "Hunzenell" was intended for "Hunzedal" lead to the conclusion that the alleged transaction concerned the planes exported by Wolf. The Minister of Bulgaria was informed that the Department was in possession of information indicating the possibility that a falsification of shipping documents might be contemplated in connection with a transshipment of planes from Havre. He said that he would inform his Government and that his Government would undoubtedly send appropriate instructions to its representatives in France.

Are the planes still in Havre? Has the French Government given you any intimation of its attitude in this case?

HULL

711.00111 Lic. Wolf, Rudolf/47 : Telegram

51

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, February 6, 1937—3 p.m.

[Received February 6—12:52 p.m.]

174. Your 64, February 5, 2 p.m. Consul at Havre reports all the planes still on the dock there. The plan to ship planes on the Greek steamer *Katharictisa* has apparently been abandoned as that vessel sailed for Cardiff on February 3 without the planes. According to stevedoring agents who were employed to handle the shipment Hunzedal is endeavoring to arrange shipment to Marseille but French customs office at Havre has received no instruction to issue permit thus far. Shall telegraph further after hearing from Foreign Office.

BULLITT

711.00111 Lic. Wolf, Rudolf/48 : Telegram
51

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, February 8, 1937—1 p.m.
[Received February 8—9 : 35 a.m.]

176. Embassy's 174, February 6, 3 p.m. Foreign Office states that the policy of the French Government is to prohibit the sending of arms, munitions, etc., to Spain. It assumes that the customs authorities have the power to refuse a permit for transshipment if there is any suspicion that the papers are not in order and the shipment is really intended for some other place. However, the Foreign Office will inquire on this point and advise the Embassy.

According to Consul Wiley the customs authorities at Havre have already refused two requests for the shipment of these planes, one to Varna, Bulgaria, and another to Marseille.

BULLITT

711.00111 Lic. Wolf, Rudolf/51 : Telegram
51

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, February 15, 1937—4 p.m.
[Received 6 : 18 p.m.]

210. Reference our 176 February 8, 1 p.m. and previous telegrams regarding the airplanes at Havre.

This morning Wilson³⁷ called on Laugier, Delbos'³⁸ Chef de Cabinet, at the latter's request. Laugier said that the Foreign Office had been delaying action upon a request for permission to export these planes to Varna. He said that under existing legislation the French Government had no authority to refuse permission for exportation of these planes to a country other than Spain. Existing legislation would forbid their exportation directly to Spain or to other countries in transit for Spain. However, there was no authority according to the competent services of the Ministry of Foreign Affairs to refuse application for export to a third country in the absence of proof that that country is not the country of destination. In order to have such authority it would be necessary for the Government to obtain a modification of existing legislation. Under present circumstances regarding foreign assistance being furnished Spain with the public knowledge that large numbers of troops and important shipments of aeroplanes, artillery, and munitions are being made by Italy and Ger-

³⁷ Edwin C. Wilson, Counselor of Embassy in France.

³⁸ Yvon Delbos, French Minister for Foreign Affairs.

many for the assistance of Franco it would be embarrassing and difficult for the French Government to obtain approval of the Parliament to a modification of existing legislation so as to prohibit the exportation of aeroplanes to third countries. He said that while the French Government had a bill already prepared which would cover such cases as this and would in general tighten up control over shipments which might find their way to Spain, nevertheless, the Government was naturally waiting before requesting the enactment of this bill by the Parliament until agreement had been reached with other Governments through the London Committee for the simultaneous putting into force of effective measures of control.

Laugier referred to the fact that the Embassy had been keeping the Foreign Office confidentially informed of developments regarding the shipment of these aeroplanes to Havre and in this connection inquired whether it had been the desire of our Government to request the French Government to make every effort possible to prevent the export of these planes from France and whether our Government now desired to request the French Government to introduce a bill for the modification of existing legislation so as to prohibit the departure of these planes for Spain.

Wilson replied that the Department of State had kept the Embassy informed regarding the facts of the issuance of the licenses for export of these planes from the United States and of subsequent developments relating to the exportation of these planes. The Department of State had authorized the Embassy to keep the Foreign Office confidentially and informally advised of these facts, believing that they might be of interest to the French Government in connection with the enforcement of its own laws and regulations relating to the exportation of material to Spain. The Department had asked to be kept advised of what disposition was made of these planes and of the attitude of the French Government regarding their reexportation since the Department would probably receive similar requests for permits in the future and wanted this information for future guidance. These were the instructions which the Embassy had received; the Embassy had carried them out and had put the French Foreign Office in possession of all the information which it had regarding this matter.

Laugier then asked Wilson to go into the next room with him to see Delbos. Wilson did so and practically the same conversation as is reported above took place with Delbos. Delbos reiterated that his services reported to him that under existing legislation the French Government had no authority to prohibit the exportation of these planes to a third country in the absence of convincing proof that this country was not in fact the country of destination. He said that in this regard the French Government stood in much the same position as the American Government which had found that it could not de-

cline to issue the permit for exportation of the planes from the United States. He stated that under present circumstances it would be "extremely embarrassing" for the French Government to request its Parliament to vote a modification of existing legislation although if the American Government should "request" this, the French Government would endeavor to do so.

Wilson replied as he had to Laugier (see above) and especially pointing out the policy of our Government with which the French Government was familiar regarding complete noninterference in the Spanish situation and the efforts made by our Government in every appropriate way to see that American nationals did not act in a manner contrary to this policy.

It was evident to Wilson that permission for exportation of these planes will probably be issued shortly. We will endeavor to check up on this and report later.

BULLITT

711.00111 Lic. Wolf, Rudolf/52 : Telegram

51

The Secretary of State to the Chargé in Bulgaria (MacVitty)

WASHINGTON, February 17, 1937—6 p.m.

1. Nineteen transport planes were shipped from New York in December under a license authorizing their exportation to France. They are now at Havre. Several unsuccessful efforts appear to have been made to transship them to Spain. It seems likely that a further effort to do so will be successful and that they will leave Havre within the next few days ostensibly destined to Varna but in fact for a Spanish port.

These planes were the subject of a conversation between an officer of the Department and the Minister of Bulgaria on February 3. The Minister stated his Government had received information to the effect that Bulgarian consuls might be called upon to legalize shipping documents ostensibly covering shipments of arms to Bulgaria but actually relating to shipments destined for Spain and he was instructed to warn the Bulgarian Consul in New York against such a possibility. When he informed the Department of the instruction which he had received, he was given information in regard to the apparent attempt to ship the 19 planes from Havre. The most recent information in regard to this case has just been given to the Minister of Bulgaria in the hope that he might inform his Foreign Office and that the Bulgarian Government, in order to avoid possible embarrassment, might wish to inform the French Government that no one in Bulgaria had purchased 19 planes and that therefore they would be leaving France

under false pretenses if the shipping documents indicated Bulgaria as the country of destination.

The interest of this Government in the case results from the fact that, if the planes are transshipped from France to Spain, the transaction will probably involve a violation of our law as the applicant for the export license named France as the country of destination.

You are instructed, unless you perceive strong objection to so doing, to bring this case to the attention of the appropriate Bulgarian authorities and to suggest that embarrassment both to the Bulgarian Government and this Government might be obviated if the Bulgarian Government could see its way clear to inform the French Government, without delay if that be true, that the planes are not in fact destined to Bulgaria and that any export permit issued by the French Government, on the basis of statements to the effect that the planes were destined to Bulgaria, would be obtained under false pretenses.

HULL

711.00111 Lic. Wolf, Rudolf/54 : Telegram

51

The Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, February 17, 1937—8 p.m.

90. Your No. 210, February 15, 4 p. m. I approve the position taken by Wilson in his conversation with Laugier and Delbos.

I hope, however, that the French Government may see its way clear to prevent the transshipment of these planes, unless the Foreign Office has received assurances that they are in fact destined to Bulgaria. It is assumed that the Foreign Office would not wish to permit the transshipment on the basis of an application containing false statements. I believe that any statements to the effect that these planes are destined to Bulgaria may be false. The Minister of Bulgaria informs me that he considers it extremely unlikely that anyone in Bulgaria is importing the planes.

The British Embassy here has been kept fully informed of developments in connection with this transaction. The Bulgarian Minister has stated that he is informing his Government of this apparent attempt to export the planes under false pretenses, and our Legation in Sofia has been instructed to bring the matter to the attention of the Bulgarian Foreign Office.

It is suggested that, unless you are convinced that the French Government is determined to permit these planes to be transshipped to Spain, you may find it possible to intimate to the Foreign Office that the Bulgarian Government could probably furnish definite information as to whether the planes are in fact destined to Bulgaria.

HULL

711.00111 Lic. Wolf, Rudolf/53 : Telegram

51

The Chargé in Bulgaria (MacVitty) to the Secretary of State

SOFIA, February 18, 1937—3 p.m.

[Received February 18—2 p.m.]

1. Department's 1, February 17, 6 p.m. Have just seen Secretary General Foreign Office who has telegraphed Bulgarian Minister at Paris to inform French Government that planes in question have not been purchased by anyone in Bulgaria. He also requested Minister to ascertain whether any shipping documents have been legalized by Bulgarian officials in France.

MACVITTY

711.00111 Lic. Wolf, Rudolf/55 : Telegram

51

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, February 18, 1937—9 p.m.

[Received February 18—5:55 p.m.]

240. Department's 90, February 17, 8 p. m. The views expressed in your telegram under reference were conveyed this afternoon by Wilson to Laugier. The latter said that after further study of the matter by the competent services of the Ministry, it appeared that there was a technical point upon which, under existing legislation and without the necessity of modifications thereof, it would be possible to refuse permission for the departure of the planes. The technical point is that the planes having been landed, the case becomes one of transit rather than transshipment, and under existing legislation it is believed that sufficient authority exists to refuse permission for transit unless assurances are received from the government of the country of destination that the planes are intended for that government or for a reliable concern in the country in question which would see to it in good faith that the planes would not be allowed to leave the country. It therefore appears according to Laugier that "under existing circumstances" permission for the transit of the planes is not likely to be given in the absence of satisfactory assurances from the Bulgarian Government.

It occurs to us that there is at least an interesting coincidence in the progress recently achieved by the London Committee and the new light thrown on the French regulations by the competent services of the French.

BULLITT

852.24/311 : Telegram

The Ambassador in Mexico (Daniels) to the Secretary of State

MEXICO CITY, February 20, 1937—1 p.m.

[Received 4:12 p.m.]

52. This morning's *Excelsior* reports departure from Vera Cruz of the *Mar Cantabrico* for Barcelona carrying 14 million cartridges, the airplanes loaded in New York and others from Tejeria, as well as war material transported in busses from New York. The sailing is corroborated by the Consul at Vera Cruz who states that as far as he is able to ascertain the *Mar Cantabrico* loaded 35 cars of war munitions including 1 battery of mountain guns and 2 of field artillery. He states that his present information is that all is of Mexican manufacture. He further says that no airplanes from Tejeria were shipped on the *Mar Cantabrico* and that nothing is known of the material reputedly sent from New York by bus.

DANIELS

711.00111 Lic. Wolf, Rudolf/57 : Telegram

51

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, February 23, 1937—10 p.m.

[Received February 23—4 p.m.]

264. Embassy's telegram No. 240, February 18, 8 [9] p.m. Consul at Havre reports that the 17 planes which arrived on the steamer *Waalhaven* have been sold to the Société Française de Transports Aeriens which will instruct what disposition is to be made of them.

Upon investigation it appears that this company was formed in September last year with a capital of 100,000 francs and that its present manager is Edouard Godillot (see Embassy's telegram No. 70, January 16, 3 p.m.) with offices in Paris. The firm has a doubtful reputation.

BULLITT

852.24/325 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, March 5, 1937—6 p.m.

[Received March 5—3 p.m.]

314. The Assistant Naval Attaché has received information from a source which he considers very reliable that Wright Cyclone aviation motors for replacement on Russian airplanes fighting with the Madrid Government forces are being sent from the United States via Mexico to Spain.

WILSON

852.24/325 : Telegram

The Secretary of State to the Chargé in France (Wilson)

WASHINGTON, March 8, 1937—2 p.m.

118. Your No. 314, March 5, 6 p.m. No license for export of Wright Cyclone engines to Mexico was issued between July 1, 1936, and March 5, 1937. On latter date, license was issued for export of six such engines for use on Curtiss Condor airplanes previously exported to Mexican air line, and Mexican Government guarantee was given that these engines would not be reexported. There is no evidence that aircraft engines have been exported illegally to Mexico since the outbreak of Spanish Civil War.

Moreover, the Department believes that no arms, ammunition, or implements of war of American origin have been exported from Mexico to Spain since January 1.

Please report by telegraph if you have any information tending to confirm the statement in your telegram under reference.³⁹

HULL

711.00111 Armament Control/1230a : Telegram

The Secretary of State to the Chargé in France (Wilson)

WASHINGTON, March 9, 1937—7 p.m.

120. Miles M. Sherover,^{39a} acting on behalf of the Spanish Government, entered into a contract in November, 1936, with the Bellanca Aircraft Corporation to purchase 20 single engine planes of a special type powered with Pratt and Whitney engines. The planes were paid for by Sherover with money provided by the Spanish Embassy in Washington. None of the planes had been built, however, before January 8 when the exportation of arms to Spain was prohibited by law. The Hanover Sales Corporation, of which Sherover is President, registered on March 9 as an exporter of arms. Sherover states that he has sold the planes to Air France and that they will be shipped from New York to Havre via the United States Lines in batches of three or four beginning probably on March 17. He states further that he has impressed upon the purchaser that the planes must not be transhipped to Spain.

These facts are furnished you for your information and such discreet use as you may deem appropriate. Full report follows by pouch.⁴⁰

HULL

³⁹ In his telegram No. 332, March 10, 11 a. m., the Chargé in France reported that the Assistant Naval Attaché received the information from an official whose information had always been reliable, and that "if it is possible to obtain specific confirmation of this statement we will report later." (852.24/328)

^{39a} President of Hanover Sales Corp., 30 Broad St., New York City.

⁴⁰ Instruction No. 186, March 16; not printed.

711.00111 Lic. Hanover Sales Corp./4

51

Memorandum by the Chief of the Office of Arms and Munitions Control (Green)

[WASHINGTON,] March 24, 1937.

After consulting Mr. Dunn of WE, I called Colonel Champsaur, Air Attaché of the French Embassy, by telephone this morning and told him that we had just received an application for a license to authorize the exportation to France of 20 two-place Bellanca low wing mail monoplanes. I told him further that the applicant had stated that these planes had been purchased by Air France for use on its colonial lines. I said that, in view of the circumstances surrounding the proposed exportation, we had some doubt as to whether France was in fact the country of destination and as to whether Air France had in fact purchased the planes. I asked him whether he had any information in regard to the proposed transaction.

Colonel Champsaur said that he had no information whatever, but he expressed great surprise that Air France should be purchasing airplanes in this country. He added that Air France was so closely identified with the French Government that if the Company were purchasing planes, the transaction would to all intents and purposes amount to a purchase by the French Government, and that any statement made by Air France could be relied upon as if it were a statement by the French Government.

I told Colonel Champsaur that if Air France stated that it had in fact purchased the planes for its own use, the export license would be issued, but that we had some reason to doubt whether such a purchase had ever actually taken place.

Colonel Champsaur suggested that I call Monsieur Brun, representative of Air France in New York, and ask him whether he knew anything about the proposed transaction.

I called Monsieur Brun by telephone and asked him whether his Company had recently purchased 20 Bellanca airplanes in the United States. He expressed great astonishment at the question, said that it was impossible that his Company should have purchased 20 planes in this country without his knowledge, and asked whether I did not suspect that any planes exported ostensibly for use by Air France might not in reality be intended for export to Spain.

I told Monsieur Brun that that possibility had occurred to me and that it was for that reason that I had called him to ask for information.

Monsieur Brun said that he was morally certain that Air France had made no such purchase, but that in order to make assurance

doubly sure, he would telegraph his Company requesting information. He said that he would telephone me on receipt of a reply.

March 29, 1937.

Monsieur Brun has not as yet communicated with me further in regard to this matter.⁴¹

JOSEPH C. GREEN

711.00111 Armament Control/1241a Suppl: Telegram

The Secretary of State to the Chargé in France (Wilson)

WASHINGTON, March 24, 1937—4 p.m.

145. Department's No. 139, March 22, 6 p.m.⁴² Sherover has now applied for a license to export the 20 Bellanca 2-place monoplanes to France. He states that he is informed by Air France that these planes are to be used for service on their Colonial lines.

Have you any information which would tend to confirm the statement that these planes have been purchased by Air France, and, if so, any information as to their probable ultimate destination?

HULL

711.00111 Armament Control/1244: Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, March 25, 1937—noon.

[Received March 25—9:10 a.m.]

408. Your 145, March 24, 4 p.m. We have no information as to whether these planes have been purchased by Air France. On the basis of the Department's 120, March 9, 7 p.m., we communicated the information contained therein discreetly to an official at the Foreign Office with whom we have been in contact from time to time regarding the Hunzedal planes. Following receipt of the Department's 139, March 22, 6 p.m.,⁴³ we informally advised this official that no application for license to export airplanes had been received from Sherover.

In view of the foregoing and considering the fact that Air France is subsidized by the French Government I feel that if we are to seek information regarding the planes which Sherover now intends to export to France we should do so through the Foreign Office rather than attempting to obtain information indirectly. I should appre-

⁴¹ On April 16, Colonel Champsaur informed Mr. Green that M. Brun still had received no reply from his company (711.00111 Lic. Hanover Sales Corp./27).

⁴² Not printed; it informed the Chargé that no application for license to export planes had been received from Sherover.

⁴³ Not printed.

ciate therefore being advised whether the Department desires us to make discreet inquiry in the matter of the Foreign Office.⁴⁴

WILSON

852.24/349 : Telegram

The Ambassador in Mexico (Daniels) to the Secretary of State

MEXICO CITY, March 30, 1937—1 p.m.

[Received 4:13 p.m.]

79. The American Consul at Vera Cruz reports that the Spanish ship *Motomar* has been loading airplanes from Tejeria Field since March 27th. The *Motomar* has left today for Tampico to transport about 500 agrarians and take on oil expecting to return to Vera Cruz to finish loading. All airplanes at Tejeria are reported to be of American manufacture.

DANIELS

852.24/349 : Telegram

The Secretary of State to the Ambassador in Mexico (Daniels)

WASHINGTON, March 31, 1937—noon.

54. Your No. 79, March 30, 1 p.m. Please request an interview with the Mexican President, inform him of the reports which are current to the effect that planes of American origin recently exported to Mexico are being transshipped to Spain, remind him of his repeated assurances that such transshipment would not be permitted, and bring to his attention such considerations as you may deem best calculated to induce him to take action to prevent the departure of the planes on board the *Motomar*. In view of the wide publicity given to the President's assurances, the transshipment of American planes to Spain would be widely reported and commented on in the American press with probable accusations of bad faith, and the necessity of preventing further violation of our law in respect to indirect shipments to Spain would seriously interfere with all exports of arms to Mexico.

HULL

852.24/351 : Telegram

The Ambassador in Mexico (Daniels) to the Secretary of State

MEXICO CITY, March 31, 1937—5 p.m.

[Received April 1—2:20 a.m.]

84. Your 54, March 31. As the President is still out of town the substance of our 79 was taken up this morning at the Foreign Office

⁴⁴ In telegram No. 149, March 25, 7 p. m. the Chargé was instructed to "inquire of the Foreign Office."

with Licenciado Beteta who is acting in the absence of General Hay.⁴⁵ Licenciado Beteta said that he had no information that any planes were being loaded although he knew that the President had given instructions some time ago that none were to be loaded. He said he had in the past urged upon the President the importance of not allowing anything like this to happen and even of preventing aeroplanes only partly of American origin from being sent, and then asked if we knew what branch of his Government was charged with keeping track of the planes whether it was the Department of Communications. Naturally, we could not tell him to whom the President had given the orders, but pointed out to him the possibility that the *Motomar* might sail directly from Tampico. He said that he would immediately make every effort to prevent its leaving with any American-made planes although he could not assure us that he would be successful in this. He also said that he would see the President, who was expected back to-night, as soon as he arrived. He expressed great concern over the matter as he said that Mexico's word had been pledged and it was most important that Mexico should not appear in the light of having broken a promise. He added by way of information that . . . because of his past activities in attempting to supply airplanes for shipment to Spain was being sent to China. He asked whether the Embassy could furnish him the names of any other persons supposed to have had dealings with the Spanish Embassy here in the purchase of American-made planes. While, as the Department is aware, we have the names of several persons who have been suspected of this including . . . , I shall await telegraphic instructions from the Department before giving him any names.

I suppose I shall hear from Beteta on this matter by tomorrow and will be guided by the result of his action in determining whether to ask for an interview with the President tomorrow.

DANIELS

852.24/351 : Telegram

The Secretary of State to the Ambassador in Mexico (Daniels)

WASHINGTON, April 1, 1937—2 p.m.

59. Your No. 84, March 31, 5 p.m. I see no objection to your giving the names of persons known to you to have recently imported planes from the United States on behalf of or for sale to the Spanish Government.

The Department is in possession of apparently conclusive evidence which is now being investigated by the Department of Justice that . . . exported three planes to Mexico without having obtained

⁴⁵ Eduardo Hay, Mexican Minister for Foreign Affairs.

export licenses. If our information is accurate, he has thus violated our law whether or not the planes are transhipped to Spain.

HULL

852.24/353 : Telegram

The Ambassador in Mexico (Daniels) to the Secretary of State

MEXICO CITY, April 1, 1937—5 p.m.

[Received 9:01 p.m.]

86. Department's telegram No. 54, March 31, noon, and my 84, March 31, 5 p.m. I saw Licenciado Beteta this morning and he told me that he has ascertained from General Avila Camacho⁴⁶ that the American made planes were still in the possession of the Department and had not been placed on the *Motomar*. General Avila Camacho has informed him that they are keeping a careful check on the planes at Tejeria and other airfields. Repeated to Consul at Vera Cruz.

DANIELS

711.00111 Lic. Wolf, Rudolf/68 : Telegram

51

The Chargé in France (Wilson) to the Secretary of State

PARIS, April 5, 1937—4 p.m.

[Received 5:50 p.m.]

447. Embassy's telegram 433, April 1, 8 p. m.⁴⁷ The Embassy has received the following information from the Consul at Havre.

Two more Vultee airplanes have been flown from Havre, destination said to be Paris, making a total of 4 of the 19 originally consigned Hunzedal. Five more of these are ready to be flown.

The four planes while consigned to the Société Française de Transports Aériens, E. Godillot, Manager at Paris, were flown by pilots of Air France. A. M. Roche, an official of Air France, is in Le Havre supervising the assembling of the planes and there are also nine mechanics of Air France helping in the work.

Powell and Martin claim that they are still being paid by Hunzedal although they were sent to Havre by Godillot to whose firm the planes were sold.

WILSON

⁴⁶ Mexican Under Secretary of State for War and Marine.

⁴⁷ Not printed; it reported that two of the Vultee planes which arrived on the *American Traveler* had been flown from Havre, Paris being the stated destination. (711.00111 Lic. Wolf, Rudolf/67)

711.00111 Armament Control/1267 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, April 7, 1937—1 p.m.

[Received 4:10 p.m.]

457. Reference our 427, March 31, 6 p.m.⁴⁸ With regard to the delay in receiving any information from the Foreign Office in response to our inquiry concerning these planes the following may throw some light on the matter: The other evening in chance conversation with one of the higher officials of the Foreign Office, he volunteered the statement that he was familiar with our entire inquiry as well as with the fact that we had been keeping the Foreign Office informed of developments regarding the so-called Hunzedal planes. He said in this connection that there were a number of cases of companies in foreign countries, principally in England and Holland, which desired to ship planes to concerns in France: the foreign governments inquired of the Foreign Office here whether if these planes were allowed to be exported they would remain in France and not get into Spain; the Foreign Office at times was placed in an embarrassing situation and they intended to be very sure of their ground and not to make any affirmative reply unless they were absolutely certain that if the planes did come to France they would actually remain here.

In view of the delay which has already taken place in replying to our inquiry and of the obvious embarrassment at the Foreign Office when we have repeated our request for a reply, I am inclined to feel that there is little likelihood of any reply being obtained at least for some time.

It seems to be evident that the Foreign Office and the Air Ministry do not see eye to eye in all these questions. I am convinced that the Foreign Office is making every effort to observe scrupulously the obligations of the French Government regarding the prohibition on export or reexport of aeroplanes to Spain.

So far as this particular case of American airplanes stated to have been ordered by Air France is concerned, I might add that in the opinion of aviation experts attached to this Embassy there is little likelihood that Air France which is subsidized by the French Government and controlled by the Air Ministry would order American planes for its colonial service.

WILSON

⁴⁸ Not printed.

711.00111 Armament Control/1272 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, April 9, 1937—7 p.m.
[Received April 9—3:50 p.m.]

470. Embassy's 457, April 7, 1 p.m. With regard to the Embassy's inquiry concerning the possible purchase by Air France of 20 Bellanca Aeroplanes, a note from the Foreign Office received today states that "the competent French authorities have never had submitted to them a request for the purchase of Bellanca material by the company Air France.

On the contrary, the Société Française de Transports Aériens, having asked the Ministry of Air for the authorization to acquire from the Hanover Sales Corporation of which Mr. Sherover is the president 20 Bellanca aeroplanes powered by Pratt and Whitney motors, that Ministry invited that Société to cancel its order."

For information concerning the Société Française de Transports Aériens, see Embassy's telegram 264, February 23, 10 p. m.

BULLITT

852.24/370

The Ambassador in Mexico (Daniels) to the Secretary of State

No. 4551

MEXICO CITY, April 11, 1937.
[Received April 13.]

SIR: I have the honor to report that I received a call from the Spanish Ambassador yesterday morning in connection with the shipment of airplanes of American origin to Spain. The Ambassador pointed out that he had acquired eighteen such planes, which were being held in Veracruz ready for shipment, and he showed his earnest desire that they might leave for Spain in the ship that is to sail shortly from Veracruz. The Ambassador was greatly disturbed because he had been unable to obtain licenses for their export because of what he states is a "scruple of conscience" on the part of President Cárdenas because of the assurances which he gave to this Embassy and the American Government that war material obtained from the United States should not be exported from Mexico, in view of the objection voiced by representatives of our country. The Spanish Ambassador takes the position that all of the planes were acquired prior to the passage of the Neutrality Act on January 6[8]th,⁴⁹ and consequently has requested me to convey this information to President Cárdenas, stating to him that there would be no objection on the part of the United States to the exportation of this shipment. After hearing his earnest oral appeal, I requested the Ambassador to furnish me a memorandum setting forth his views and information on the planes

⁴⁹ 50 Stat. 3.

in question, together with his request. A copy and translation of this memorandum are enclosed herewith.⁵⁰ The Embassy here has acted in pursuance to the Department's telegram No. 230 of December 31, 1936.⁵¹ In response to the Embassy's request, President Cárdenas gave assurances that aircraft made in the United States would not be permitted to be shipped from Mexico when and if the United States objected to such shipment.

Of course, the Department knows that the Mexican Government is strongly in favor of the authorities in control of the Spanish Government and very hostile to the efforts of Franco to overturn the Azaña administration. It has sent munitions to aid the Government forces and has given its moral and other support, and if the United States had no objection, it would undoubtedly be glad to permit these planes to go to Spain from this country. It is my opinion that license for the shipment of this aircraft is needed solely because of the statement of President Cárdenas last December, made in response to representations from the Department.

It will be recalled (see my personal letter to Secretary Hull in August, 1936⁵²) that the Minister of Foreign Affairs called to say that the Mexican Government would like to buy planes in the United States to ship to the Government of Spain, and wished to be informed of the attitude of the United States Government with regard to such a course. I told him that, in view of my country's policy of strict neutrality, if we consented to the Mexican Government's buying planes in the United States for shipment to Spain, we would virtually be doing by indirection that which we would not do by direction.

In view of the fact that the Spanish ship is ready to sail and the urgency of the appeal of the Spanish Ambassador, I beg that you will wire instructions at once so that I may promptly answer the Spanish Ambassador's request.

Respectfully yours,

JOSEPHUS DANIELS

852.24/370 : Telegram

The Secretary of State to the Ambassador in Mexico (Daniels)

WASHINGTON, April 15, 1937—2 p.m.

68. Your despatch No. 4551, April 11 and your No. 91, April 14, 5 p.m.⁵³ You should take no action to facilitate the exportation of the planes to Spain.

The transshipment of any one of these planes would render the original American exporter subject to prosecution for violation of our laws governing the exportation of arms. A mis-statement by an

⁵⁰ Not printed.

⁵¹ *Foreign Relations*, 1936, vol. II, p. 624.

⁵² Not found in Department files.

⁵³ Latter not printed.

applicant for an export license as to the country of ultimate destination of any shipment constitutes a violation of law. No applicants for license, except Cuse and Dineley, applied for export licenses naming Spain as the country of destination. None of the planes mentioned by the Spanish Ambassador was exported on licenses naming Spain as the country of destination. Most of them were legally exported to Mexico. The transshipment of these to Spain would violate the law requiring that the country of ultimate destination be correctly named in the application for license. Some of them were illegally exported without a license, and the exporters of those planes are now under investigation by the Department of Justice with a view to possible prosecution.

I am very grateful to President Cárdenas for the assurances which he has given in regard to the shipment of American arms to Spain via Mexico. You will remember that those assurances were first given before January 8 when all direct or indirect exports of arms to Spain were prohibited by law.

HULL

711.00111 Armament Control/1272 : Telegram

The Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, April 15, 1937—5 p.m.

173. Your No. 470, April 9, 7 p.m. Sherover has been informed that the export license for which he had applied will not be granted.

HULL

852.24/370 : Telegram

The Ambassador in Mexico (Daniels) to the Secretary of State

MEXICO CITY, April 15, 1937—4 p.m.

[Received 8 p.m.]

93. In conference with Foreign Minister today he strongly expressed the view that as there is no law in Mexico to prevent shipment of airplanes to Spain there should be a reconsideration of the promise of the Mexican Government. See Embassy's telegram 233 of December 31, 9 p.m., 1936.⁵⁴ He thinks if Mexican Government had planes made in the United States and exported to Mexico before the telegram above cited his Government should be in a position to sell such of them as are not needed by the Mexican Army. He insists even more earnestly the private parties in Mexico who purchased planes in the United States should not be stopped from selling planes to be resold to the Spanish Government. He would like to have a new agreement by which the United States would not object to the Mexi-

⁵⁴ *Foreign Relations, 1936*, vol. II, p. 626.

can Government's sending planes purchased in our country prior to the former pledge and particularly that they should not be asked to stop shipment of planes purchased from our country by private parties. Department's telegram No. 29 [30], February 3, 6 p.m., 1937.⁵⁵ Will await further direction before informing General Hay that there is no objection as to army planes. Please wire instructions.

DANIELS

852.24/379 : Telegram

The Secretary of State to the Ambassador in Mexico (Daniels)

WASHINGTON, April 16, 1937—3 p.m.

70. Your No. 93, April 15, 4 p.m.

(1) In regard to planes belonging to the Mexican Government or formerly belonging to the Mexican Government, see Department's telegram No. 30 of February 3, 6 p.m.⁵⁶ I do not feel that I can properly express any opinion, much less express objection, in regard to any decision that the Mexican Government may wish to make concerning planes which it purchased in the United States for its own use before the outbreak of the present civil strife in Spain.

(2) In regard to planes recently purchased in this country by agents of the Spanish Ambassador in Mexico, see Department's No. 230 of December 31, 3 p.m.;⁵⁶ No. 1 of January 3, 1 p.m.; No. 2 of January 5, 7 p.m.;⁵⁷ No. 6 of January 8; No. 54 of March 31, noon; No. 59 of April 1, 2 p.m.; and No. 68 of April 15, 2 p.m. I have no reason to modify the instructions contained in those telegrams. For this Government to take any action to facilitate the transshipment of those planes to Spain would be tantamount to its aiding and abetting the violation of our own laws. If you have reason to believe that any of these planes have been loaded or are to be loaded on the *Motomar*, you should take the action suggested in the Department's No. 54 of March 31, noon.

Shortly after the outbreak of the present civil strife in Spain, I publicly expressed the hope that American exporters would not export arms to Spain. This policy was enacted into law on January 8. In the interval, the information which you had furnished me to the effect that Spanish agents were actively purchasing arms in Mexico

⁵⁵ Not printed. The portion pertinent to the subject under discussion stated that a resale to the Spanish Government of equipment exported from the United States before the outbreak of the civil war in Spain and used by the Mexican Government since its arrival in Mexico could not be considered to be either a transshipment or an attempt on the part of the original exporter or importer to violate the policy of the United States Government in respect to the shipment of arms to Spain (711.00111 Lic. Consolidated Aircraft Corp./82).

⁵⁶ *Foreign Relations*, 1936, vol. II, p. 624.

⁵⁷ Telegram No. 2 not printed.

caused me to scrutinize with particular care all applications for export licenses for shipments to Mexico. In every case of a proposed exportation of a plane, I required assurance from the prospective exporter that Mexico was, in fact, the ultimate destination. In addition to specific assurances received in particular cases, I received reiterated assurances from the Mexican Embassy here that the Mexican Government would not sanction any violation of our expressed policy in regard to the exportation of arms to Spain. The reiterated assurances of the Mexican President were first made and publicly announced before this policy had been enacted into law. I could not view with equanimity any weakening of those assurances.

[Here is omitted detailed information concerning the 18 airplanes of American origin acquired by the Spanish Ambassador in Mexico.]

(3) If any of the planes which the Spanish Ambassador proposes to export from Mexico to Spain were exported from the United States to Mexico before the outbreak of the present civil strife in Spain and, after use in Mexico, were resold to the Spanish Ambassador or his agents, a reexportation would not constitute a transshipment or involve any violation of our law. Therefore, I am not in a position to express any objection to the reexportation of such planes.

HULL

852.24/379 : Telegram

The Secretary of State to the Ambassador in Mexico (Daniels)

WASHINGTON, April 26, 1937—5 p.m.

78. Please telegraph the substance of any conversations you may have had with Mexican authorities in regard to transshipment of planes to Spain since your receipt of my No. 68 of April 15, 2 p.m., and my No. 70, April 16, 3 p.m.

The Mexican Ambassador, acting under specific instructions, requested on Saturday to be received by the President in order to explain why his Government wished to recede from its position in respect to the transshipment of the planes which the Spanish Ambassador in Mexico has collected at Veracruz. He was received at noon today and the President reiterated to him the position of this Government as outlined in my recent telegrams to you.

HULL

852.24/390 : Telegram

The Ambassador in Mexico (Daniels) to the Secretary of State

MEXICO CITY, April 26, 1937—7 p.m.

[Received April 27—2:05 a.m.]

108. Referring to Department's 68, April 15, I saw the President this morning and told him that President Roosevelt and Secretary

Hull appreciated his actions in preventing shipment of American made airplanes to Spain and mentioned to him our Government's earnest desire to continue protecting our neutrality in the Spanish conflict pointing out to him that any shipment of airplanes of American origin from Mexico would be interpreted as a breach of that neutrality and of our laws. The President stated that he had not changed his position in the matter and that it remained as he had previously stated it. He made no reference to desiring any change in former understanding, see our telegram No. 233, December 31, 9 p.m.⁵⁹

On April 15 I addressed a letter to the Spanish Ambassador giving him substance of the Department's 68 with the exception of the last paragraph and on April 16 a letter to Minister Hay with substance of the Department's 68 including last paragraph. Some days ago General Hay expressed as his personal desire that planes already in Mexico could be sent to foreign governments. See my telegram 93, April 15, 4 p.m. I had no knowledge that request to recede from its position would be made by official application through Mexican Ambassador at Washington.

DANIELS

852.24/417a

The Secretary of State to the Ambassador in Mexico (Daniels)

No. 1537

WASHINGTON, May 18, 1937.

SIR: On his return from Mexico, the Mexican Ambassador called at the Department and discussed at some length the attempts which have been made to export arms from the United States to Spain via Mexico. He reiterated the assurances already given by his Government insofar as concerns shipments made before the passage of the Neutrality Act of May 1, 1937,⁶⁰ and stated that arms which entered Mexico before the passage of that Act would not be permitted to be transshipped to Spain. He added that henceforth his Government would make no official requests that this Government issue export licenses authorizing the exportation of arms to Mexico unless those arms were destined for use by the Mexican military forces. In respect to other arms which might be exported to Mexico in the future, he said that his Government should itself assume the responsibility of seeing to it that licenses were not issued authorizing the exportation of any shipment destined to Spain, and to that end should assure itself before issuing licenses that shipments consigned to private individuals in Mexico would not involve violation of our law.

The Ambassador was informed that the position of his Government as he had explained it was entirely satisfactory to this Government.

⁵⁹ *Foreign Relations*, 1936, vol. II, p. 626.

⁶⁰ 50 Stat. 121.

As long as the Spanish Ambassador in Mexico and his agents continue to be active in attempts to purchase arms in this country for transshipment to Spain, the Department will be obliged to scrutinize with particular care all applications for licenses to authorize the exportation of arms to Mexico. You are requested, therefore, to furnish me from time to time with any information which you may have which would assist the Department in determining whether or not export licenses authorizing shipments ostensibly destined to Mexico may legally be issued.

Very truly yours,

For the Secretary of State:
R. WALTON MOORE

711.00111 Lic. Hanover Sales Corp./40 : Telegram

51

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 19, 1937—5 p.m.
[Received May 19—1:40 p.m.]

644. Embassy's telegram 637, May 18, noon.⁶¹ Sherover showed the Embassy documents canceling his contract with Air France for the purchase of 30 [20?] Bellanca planes model 28/90 on the ground that he had been unable to make delivery on the time agreed on. Air France in a letter to Sherover recommended the Société Française de Transports Aériens as a possible purchaser of this aviation equipment. He also showed an exchange of correspondence under which he contracted to sell to that company the above planes at a price of \$45,000 each for immediate delivery, payment to be made cash against documents f. o. b. New York. He also exhibited a copy of a letter addressed by him to the French Air Ministry inquiring whether the above company was authorized to purchase this aviation equipment and a letter from the Ministry stating that the company was so qualified.

BULLITT

711.00111 Lic. Hanover Sales Corp./45 : Telegram

51

The Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, May 20, 1937—2 p.m.

231. Your No. 644, May 19, 5 p.m. As the Bellanca planes were paid for by Sherover with money provided by the Spanish Embassy in Washington and were intended for export to Spain, and in view of

⁶¹Not printed; it reported that Sherover, then in France, had sold 15 Bellanca planes to the Société Française de Transports Aériens (711.00111-Lic. Hanover Sales Corp./38).

the character of Société Française de Transports Aériens as reported in your recent telegrams and the fact that that company has been actively engaged in attempting to transship the Wolf planes to Spain, I would not be fulfilling my obligations under the law if I were to issue a license to Sherover authorizing the shipment of the Bellanca planes to that company. You may, in your discretion, so inform Sherover and suggest to him that an assurance from the French Foreign Office to you that the planes would remain in France would probably constitute the only guarantee which would justify me in issuing a license for their export to France.

HULL

711.00111 Lic. Hanover Sales Corp./47 : Telegram

51

The Acting Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, May 29, 1937—3 p.m.

246. Your No. 657, May 21, 11 a.m.⁶² Sherover's attorneys called at the Department on May 27 and made formal application for an export license to authorize the shipment of the 20 planes to Société Française de Transports Aériens. They were informed of the Department's position as stated in the Department's No. 231 of May 20, 2 p.m. They stated that they would advise Sherover to ask the Société to ask the Foreign Office to inform you that the planes if exported to France would not be transshipped to Spain.⁶³

WELLES

852.3300 Motomar/8 : Telegram

The Secretary of State to the Chargé in Mexico (Boal)

WASHINGTON, July 8, 1937—3 p. m.

133. Your No. 176, July 6, 3 p. m.⁶⁴ You may point out to the Spanish Chargé d'Affaires that, in view of the special interest of the American press in the activities of the *Motomar*, it is almost certain that its appearance in Texas would be attended by widespread publicity and would result in the dissemination of undesirable rumors concerning the purpose of the visit. Furthermore this Government could, of course, give no guarantee that legal difficulties would not be raised by private

⁶² Not printed.

⁶³ However, on September 16, the Ambassador in France was informed by the Department that the planes had been sold in late July or August to an agent of the Chinese Government; on November 12, he was informed that they had been exported via England under authorization of a license naming China as their ultimate destination (711.00111 Lic. Hanover Sales Corp./59, 62).

⁶⁴ Not printed; it reported that the Spanish Chargé in Mexico desired to make arrangements for the *Motomar* to proceed to Galveston, Texas, for dry-docking, scraping, and overhauling.

persons while the *Motomar* was in the jurisdiction of this country. If the Chargé continues to press the matter, it would be well to repeat your suggestion that the question should be taken up by the Spanish Embassy in Washington.

HULL

852.3300 Motomar/13

The Chargé in Mexico (Boal) to the Secretary of State

No. 5026

MEXICO, July 12, 1937.

[Received July 19.]

SIR: I have the honor to refer to the Department's confidential telegram 135 [133] of July 8, 3 p. m., 1937, in answer to my telegram 176 of July 6, 3 p. m.,⁶⁵ in connection with the movements of the *Motomar*.

In accordance with the Department's telegram, I have today talked with the Spanish Chargé d'Affaires ad interim, Señor Arguelles, informing him that our Government could not, of course, undertake to prevent legal difficulties from arising for the captain or crew of the *Motomar* if it should proceed to an American port. I also made it clear to him that such a visit would probably be attended by publicity and speculation as to its purpose.

Señor Arguelles said that Ambassador Gordon Ordas was due to arrive in New York today or tomorrow on the *Normandie*, and so far as he knew would shortly be in Mexico City. Therefore he would defer any decision as to the movements of the *Motomar* until the Ambassador's arrival. He seemed to take it for granted that the ship would not now go to Galveston, and that he might have to send it to Bermuda for the necessary scraping of the bottom and other work. He said that they had considered sending it to Cuba, but, as García Díaz & Company had agents there, they felt they would simply invite legal steps there which would embarrass the Spanish Government and perhaps hold up the further progress of the vessel.

He then said that he and his Government were at a loss to know what to do with the American-made aeroplanes they had purchased in Mexico. He said that President Cárdenas had been adamant in refusing to allow these to be put aboard the *Motomar*, and he wished our Government could see its way clear to blinking at the matter so that they could avail of these planes. I told Señor Arguelles that I felt quite sure our Government was in no blinking mood with regard to neutrality questions, and that it was perhaps unfortunate that they had gone ahead and purchased material of American origin brought into Mexico under export permits which specified Mexico as the country of ultimate destination.

Señor Arguelles said that they had been working on the idea of selling these planes to some other European government with the thought

⁶⁵ Not printed.

that they would then ultimately find their way to Spain. I told him I felt sure that any evasion of our neutrality law through such procedure would constitute just as much of an infraction as a direct shipment.

Señor Arguelles said he had been trying to persuade the Mexican Government to sell the greater part of the stock of arms and ammunition it had on hand; but of course the Mexican Government needed most of this and wanted to retain it. However, he had succeeded in buying a small amount of military supplies in the possession of the Mexican Government, which he hoped to put aboard the *Motomar* soon. He did not say whether this was of Mexican manufacture, but, in view of the Mexican Government's attitude up to this point and its commitments, I did not deem it wise to ask this question. It seems obvious that we must assume that anything that the Mexican Government now owns and consents to sell to the Spanish Government must be of non-American origin. I did not wish to give Señor Arguelles any grounds for being able to say that any doubts have been expressed on this score.

Señor Arguelles went on to say that he felt certain that if the *Motomar* got away it would reach a Spanish Republican port in safety, or, at any rate, would not fall into the hands of the insurgents. His implication was that it would be sunk before anything of that kind could happen.

Señor Arguelles then explained his views as to the merits of the present conflict and his belief that the Spanish Republican armies would eventually succeed in cutting their way to the Portuguese border—whence, he said, most of the men and military supplies for the insurgents were coming. He was of course very bitter in his comments on German and Italian policy. He quite frankly said that as his country was at war, he must use every means (by implication, fair or foul) to help it. He is practically alone to carry the burden of his mission here, and is obviously working under considerable strain.

Señor Arguelles expressed his gratitude for our being able to tell him frankly what the outlook was with regard to the *Motomar's* suggested visit to Galveston, and obviously considers that in so doing we have rendered him a service.

Respectfully yours,

PIERRE DE L. BOAL

852.3300 *Motomar*/12

The Chargé in Mexico (Boal) to the Secretary of State

No. 5064

MEXICO, July 17, 1937.

[Received July 19.]

SIR: I have the honor to refer to my despatch number 5026 of July 12, 1937, and to report that I have today received information from

the American Consul at Veracruz indicating that the *Motomar* has now moved to the oil pier and is taking on oil. The Veracruz newspapers report that a trainload of arms and ammunition has arrived in Veracruz from Mexico City. These may be presumed to be Mexican Government stock. The Consul indicates that there are now said to be fourteen or sixteen disassembled airplanes in the warehouse at the Sanitary Pier in Veracruz. There are eleven airplanes at the warehouse of the Tejería Air Port. All of these planes are presumably of American manufacture.

The *Motomar* is said to be capable of carrying a cargo of 7,000 tons but at present it does not appear to be carrying more than 600.

Respectfully yours,

PIERRE DE L. BOAL

852.3300 *Motomar*/15 : Telegram

The Secretary of State to the Chargé in Mexico (Boal)

WASHINGTON, July 21, 1937—3 p. m.

146. Your despatch No. 5064, July 17, and telephone conversation with Duggan⁶⁶ yesterday. If at any time you believe that the lading of airplanes of American origin aboard the *Motomar* is actually taking place, you are requested to bring the fact to the attention of the Mexican authorities and to reiterate the deep appreciation of this Government for the past cooperation of the Mexican Government in regard to this matter and our continued interest in avoiding the embarrassment to all concerned which would result from a transshipment of these planes from Mexico to Spain in violation of our law. You may, in your discretion, add that the Department is now examining with care all applications for license to export aircraft to Mexico with a view to preventing, in accordance with the wishes of the Mexican Government, the export to that country of planes which might be ultimately destined for Spain.

HULL

711.00111 Lic. Wolf, Rudolf/90 : Telegram

51

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, July 21, 1937—7 p. m.

[Received July 21—4:12 p. m.]

1022. Reference my despatch 803 July 9 and my telegram 980 July 15 concerning 19 Wolf planes.⁶⁷ Confidential information believed reliable received to the effect that Société Française de Transports Aériens, Paris asked to have 10 Vultee, 5 Lockheed, and 1 Northrup

⁶⁶ Laurence Duggan, Chief of the Division of American Republics.

⁶⁷ Neither printed.

airplanes registered in France. Bureau Veritas which is charged with the issuance of navigation certificates refused navigation certificates for 10 planes which are believed to be still in France. Six planes were registered in France and have left France presumably for Spain. These latter are 2 Vultees registration numbers F-AQAO and F-AQAP, 1 Northrup F-AQAA, 3 Lockheeds F-AQAR, F-AQAS, F-AQAV. No additional information received concerning 3 Fleetsters. Despatch follows.⁶⁸

BULLITT

852.00/6178

The Consul at Seville (Doolittle) to the Secretary of State

No. 102

SEVILLE, July 28, 1937.

[Received August 7.]

SIR: I have the honor to refer to my telegrams of July 27th and July 28th, confirmation copies of which are enclosed⁶⁹ and to report that this subject was broached in a conversation with General Queipo de Llano on July 26th.

During the past weeks an unusual number of airplanes of American manufacture have been reported as having been brought down by Nationalist anti-aircraft guns and pilots on the Madrid and nearby fronts. These reports accompany the initiation and progress of the last desperate offensive launched by the Madrid forces on July 6th.

The General stated that according to information in his possession these American airplanes were reaching the Valencia Government via Le Havre, where they were received, assembled and then flown to Barcelona. He went on to state that he was aware of the attitude of the American Government in the Spanish struggle but that it undoubtedly had to contend with pressure from the socialist and labor groups for a policy of aiding Red Spain.

In reply, I assured that the policy of the government as it had been received in instructions to all American Consulates and Missions was one of strictest neutrality and that, as he knew, special legislation had even been passed, prohibiting shipments of war material to both sides.

I further stated that in pursuance of this policy it would be of great interest to my Government to receive definite details of any American airplanes brought down in order to trace the sales and sources through which they had been able to evade our legislation on the subject.

The General immediately made a note to request from Salamanca the make, factory numbers and types of all American planes which

⁶⁸ Not printed.

⁶⁹ Neither printed; they reported the alleged appearance of airplanes of American manufacture in the air force of the Valencia government.

had fallen within their lines in sufficiently good condition to permit of identification, and promised to communicate the information to this Consulate as soon as received.

I am suggesting to Mr. Bay that he follow up this matter upon his return as it presents another opportunity of showing our good faith in the maintenance of neutrality, although I have gathered the distinct impression that both military officials and civilians in Nationalist Spain are fully cognizant of our policy and appreciate it.

According to the official bulletin issued at Nationalist Headquarters July 26th the following list of warplanes has been brought down since July 6th. A slightly exotic touch is lent to the lists by the Spanish habit of referring to the products of Glenn L. Martin as the Martin Bomberg.

Respectfully yours,

H. A. DOOLITTLE

711.00111 Lic. Wolf, Rudolf/92 : Telegram

51

The Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, July 30, 1937— 8 p.m.

393. Your No. 1022, July 21, 7 p.m. You are requested to call the attention of the appropriate French authorities to this Government's continuing interest in the ultimate disposition of these planes and especially to our desire not to be confronted with the violation of our law which would result from the transshipment to Spain of airplanes exported under a license naming France as the country of ultimate destination. We are, of course, most appreciative of the efforts which the Foreign Office has made to see that such a violation of our law does not occur and, though it appears possible that some of the planes may have evaded French restrictions and escaped to Spain, it is urgently hoped that a way may be found to prevent the departure of the remaining planes.

HULL

852.3300 Motomar/21

The Secretary of State to the Chargé in Mexico (Boal)

No. 1651

WASHINGTON, August 3, 1937.

The Secretary of State refers to the Embassy's confidential despatch No. 5097 of July 23, 1937,⁷⁰ in which are quoted parts of a letter of July 22 from the American Consul at Veracruz, in regard to the Spanish vessel *Motomar*. Particular attention is invited to the reference in the concluding paragraph of the quotation from the Consul's letter to a list which the Consul prepared at the Embassy during

⁷⁰ Not printed.

the first days of June. Though the Department is in possession of the Spanish Ambassador's list, enclosed with the Embassy's despatch No. 4551 of April 11, 1937, and with the list supplied the Embassy by an official of the Pan American Aviation Corporation, enclosed with the Embassy's despatch No. 4917 of June 19, 1937,⁷¹ it has not been able to identify the list referred to in the Consul's letter. It would be appreciated if a copy of this list could be supplied the Department.

The reports which are being made by the Embassy and the Consulate at Veracruz, in regard to the preparations which are apparently being made to load aircraft of American origin aboard the *Motomar*, are of the greatest interest to the Department. Though the extreme difficulty of obtaining information definitely identifying the American aircraft which are now at Veracruz is fully realized, yet the accurate identification of any aircraft which may in the future actually be exported to Spain on board the *Motomar* will, of course, be of the highest importance to the Department and to the Attorney General in efforts which would then presumably be made to prosecute the individuals responsible for the violation of law which would result from this transshipment. It is hoped, of course, that the Mexican Government will, in accordance with its oft-repeated assurances, prevent the departure of these airplanes and spare this Government the necessity of instituting criminal proceedings which would be embarrassing to all concerned. In this connection, it is interesting to note that some of the airplanes now at Veracruz were apparently exported from this country after the enactment of the Joint Resolution approved January 8, 1937, which definitely prohibited the export of airplanes to a neutral country for transshipment to Spain.

852.00/6178

The Secretary of State to the Consul at Seville (Bay)

WASHINGTON, August 17, 1937.

SIR: I refer to the Consulate's telegrams of July 27 and July 28,⁷² and despatch No. 102 of July 28, 1937, in regard to the alleged appearance of airplanes of American manufacture in the air force of the Spanish Government.

The Department has observed most carefully the export of all airplanes from this country since the outbreak of hostilities in Spain and has no reason to believe that any of the planes listed on page three of despatch No. 102 was actually of American origin. Manufacturing rights for certain types of Boeing, Curtiss, and Martin planes have, however, been sold during recent years by the interested companies

⁷¹ Not printed.

⁷² Neither printed.

to the Government of the Soviet Union, and it is understood that numerous planes of these types have been manufactured in that country. You may, in your discretion, convey this information to General Queipo de Llano should the subject be again discussed between you.

I may add that the only planes of American origin which the Department believes have reached Spain since the outbreak of civil strife are those which were on board the *Mar Cantabrico*, which was captured by the insurgent forces in March 1937, and, in addition, six used transport planes—three Lockheeds, two Vultees, and one Northrup—which were exported from the United States to France in December 1936, before our embargo was in effect, and which have apparently been transhipped from France to Spain within the last two or three months. Thirteen additional used transport planes were exported to France along with these six, but the others are, according to our latest information, still in France and are believed to be un-serviceable for military purposes.

Very truly yours,

For the Secretary of State:
R. WALTON MOORE

711.00111 Lic. Wolf, Rudolf/94 : Telegram

51

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, August 18, 1937—7 p.m.

[Received 7:20 p.m.]

1174. Reference Embassy's telegram 1022, July 21, 7 p. m. The press this morning states that eight of these planes left the aerodrome at Toussus, Paris, August 15, one of which crashed almost immediately, a second made a forced landing, two landed at Toulouse, there being no information regarding the remaining four.

The Embassy will continue to report any further information obtainable.

BULLITT

711.00111 Lic. Wolf, Rudolf/97 : Telegram

51

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, September 4, 1937—noon.

[Received September 4—8:27 a.m.]

1249. Reference Embassy's telegram No. 1174, August 8[18], 7 p.m. According to the press, on the night of August 29 there occurred an explosion followed by fire in one of the hangars at the Airdrome Toussus, Paris, in which some of these planes were being kept. The explosion was apparently caused by chemicals placed there with a

time fuse. An investigation is still taking place. One plane was practically completely destroyed.

The press further reports that on September 2 three of these planes obtained permission from the Ministry of Air to leave the field and fly to Toulouse being piloted by French pilots. A news despatch from Toulouse this morning states that the planes have not yet arrived at Toulouse and no word has been heard of them, the general assumption being that they have flown to Spain. Despatch follows.⁷³

BULLITT

711.00111 Lic. Howard Aircraft Corp./25

12

*The Secretary of State to the Mexican Ambassador (Castillo Nájera)*⁷⁴

WASHINGTON, October 18, 1937.

EXCELLENCY: I have the honor to refer to informal conversations during the months of August and September between officers of the Embassy and the Chief of the Office of Arms and Munitions Control in regard to the desire of the Howard Aircraft Corporation, Chicago, Illinois, to sell and export to the State of San Luis Potosí two Howard airplanes.

An application for license to export these airplanes to Mexico was received from the Howard Aircraft Corporation on August 27. In accordance with the understanding reached between us in regard to measures to be taken to prevent the transshipment of arms of United States origin from Mexico to Spain, the applications were not granted but were held pending the receipt of notification from you that it was the desire of your Government that the shipment be authorized. On September 20, however, I received a letter from the Howard Aircraft Corporation withdrawing its applications for license to export the airplanes to Mexico and stating that the planes were to be delivered to the purchaser, a United States citizen, at San Antonio, Texas. Fearing that an attempt might be made to violate the law requiring that a license be obtained for the export of all arms, ammunition and implements of war, I immediately requested the Department of Justice to investigate this matter and telegraphed the Howard Aircraft Corporation to learn the identity of the purchaser mentioned in their letter. The Corporation replied that the purchaser was Mr. Cloyd Clevenger.

The investigation now being conducted by the Department of Justice has revealed that Mr. Clevenger and Major Adolfo Piña, who is apparently a pilot for General Cedillo, arrived in Chicago on Septem-

⁷³ Not found in Department files.

⁷⁴ This note was acknowledged by the Mexican Ambassador on October 20, 1937.

ber 18 and accepted delivery of the planes. Accompanied by an official of the Howard Aircraft Corporation, they flew the planes to San Antonio, Texas, on the same date. On September 19 the planes, piloted by Clevenger and Major Piña, left San Antonio. In view of the fact that both of these men would appear to be agents of General Cedillo and in view of the fact that the Howard Aircraft Corporation originally stated that the planes were sold to the State of San Luis Potosí, there would seem to be every reason to believe that these planes have been exported to Mexico without an export license, in violation of United States laws, and that they have now been delivered to General Cedillo in San Luis Potosí. A description of the two airplanes is as follows:

“Howard Aircraft Four Place Cabin Land Monoplane, Model DGA-8, Serial #82, Manufactured August 1937; (1) Wright R760E2 Engine, Serial #14538; and (1) Hamilton Standard Controllable Propeller Hub #29427, Blades #67668-67669.”

and

“Howard Aircraft Four Place Cabin Land Monoplane, Model DGA-8, Serial #83, Manufactured August 1937; (1) Wright R760E2 Engine, Serial #14539; and (1) Hamilton Standard Controllable Propeller Hub #29349, Blades #67983-67984.”

The Department of Justice is continuing its investigation of this case with a view to the prosecution of all of those persons involved in the violation of the United States neutrality laws which has apparently occurred.

Accept [etc.]

For the Secretary of State:
SUMNER WELLES

711.00111 Lic. Hanover Sales Corp./21

52

The Spanish Ambassador (De los Rios) to the Secretary of State

MEMORANDUM

The Ambassador of Spain has the honor to call the attention of the Secretary of State to his note No. 136/15, dated September 7, 1937,⁷⁵ with reference to the purchase of a bullet proof limousine, for the Prime Minister of Spain.

The Proclamation is issued pursuant to a Joint Resolution of Congress, approved May 1, 1937, which prohibits, under certain circumstances, the export of “arms, ammunition, and implements of war”. The question of whether a bullet proof automobile is a “military armored vehicle” depends in the final analysis on whether it is embraced by the concepts “arms, ammunition or implements of war”.

⁷⁵ Not printed.

It is a matter of common knowledge that there has been a fairly wide use of such type of automobile in this country for many years for civilian purposes only. They have had a general acceptance by high government officials, both state and federal, as a matter of protection. The automobile in question is for similar use by a high official of the Spanish Republic, and there is no intention, present or future, to use such automobile for any other purpose.

It seems entirely clear that "arms, ammunition and implements of war" as used in the Proclamation refer to, and were intended to refer to a particular class of contraband within the meaning of generally accepted international law. Contraband within the meaning of international law has been divided into three classes. "Of these classes," said the Supreme Court of the United States in *The Peterhoff*, 5 Wallace 28, "the first consists of articles manufactured and primarily and ordinarily used for military purposes in time of war; the second, of articles which may be and are used for purposes of war or peace according to circumstances; and the third, of articles exclusively used for peaceful purposes."

While it seems that a bullet proof automobile falls within the third class referred to by the Supreme Court, and while possibly it might be argued that such an automobile falls within the second class referred to, it seems that such an automobile cannot logically and properly be considered as an article "manufactured and primarily and ordinarily used for military purposes in time of war" within the meaning of the first class. The entire list of articles enumerated in the President's Proclamation of May 1, 1937, falls, without exception, within the first class of articles of contraband referred to by the Supreme Court.

The use of the adjective "military" before the words "armored vehicle" in the Proclamation is obviously by way of limitation only and confirms the viewpoint above expressed.

The Hanover Sales Corporation had made a request to the Department of State for two automobiles, for the President and the Prime Minister of Spain, which the Department of State was unable to grant, but the Spanish Ambassador trusts that, in view of the foregoing, it will be possible to permit the said purchase.

WASHINGTON, November 19, 1937.

711.00111 Lic. Hanover Sales Corp./22

52

The Secretary of State to the Spanish Ambassador (De los Rios)

The Secretary of State presents his compliments to His Excellency the Ambassador of Spain and has the honor to acknowledge the receipt of his memorandum of November 19, 1937, which he handed

to the Secretary of State, in regard to the purchase of a bullet-proof automobile intended for the use of the Prime Minister of Spain.

Mr. Hull invites Señor de los Ríos' attention to his note of September 16, 1937, in which he stated that "military armored vehicles" are listed among the articles in Category I (6) of the enumeration of arms, ammunition, and implements of war contained in the President's Proclamation of May 1, 1937, and that, as long as the President's Proclamation of May 1, 1937, remained in effect, he would feel constrained to consider armored limousines intended for exportation to Spain as "military armored vehicles", and to direct that licenses authorizing the exportation of such vehicles to Spain be not issued.

The Ambassador of Spain will realize that it is impossible to distinguish between military and non-military armored vehicles when these vehicles are intended for export to countries engaged in war or civil strife, and that, therefore, the Secretary of State is obliged to refuse permission for the export to such countries of armored vehicles of any sort.

In regard to Señor de los Ríos' statement, in his memorandum of November 19, that the entire list of the articles enumerated in the President's Proclamation of May 1, 1937, falls without exception within the first class of articles of contraband referred to by the Supreme Court of the United States in *The Peterhoff*, 5 Wallace 28, that is "articles manufactured and primarily and ordinarily used for military purposes in time of war", the attention of the Ambassador is invited to the fact that the Proclamation of May 1, 1937, includes a considerable number of articles which could not conceivably be considered as falling within this definition. For example, paragraphs (1) and (4) of Category I of the Proclamation include a number of types of rifles, cartridges, and ammunition which are manufactured for and primarily and ordinarily used for sporting purposes only. Paragraph (1) of Category V includes all of those aircraft, civil and commercial, which are not designed, adapted, and intended for aerial combat and hence are definitely not manufactured or primarily and ordinarily used for military purposes in time of war. Paragraph (3) of Category V includes all types of aircraft engines, whether these engines are manufactured and used for commercial or military purposes. Paragraph (2) of Category VI includes a number of gases which have a commercial as well as a military use and which, indeed, in time of peace, are manufactured almost exclusively for commercial purposes. Paragraph (1) of Category VII covers propellant powders of all types and, in so doing, includes a number of powders which are in time of peace used exclusively for sporting purposes. Paragraph (2) of Category VII contains a number of high explosives which have a wide commercial use and which in time of peace are manufactured and utilized almost exclusively for industrial pur-

poses. In view of these examples, it will be clear that the President's Proclamation of May 1, 1937, does not apply exclusively to the articles referred to in the first class mentioned by the Supreme Court in the case of *The Peterhoff* but that, on the other hand, it includes a large number of articles which fall within the second class mentioned by the Court and among which an armored automobile might reasonably be considered to fall.

The Secretary of State regrets, therefore, that he must abide by the decision communicated to the Ambassador of Spain in his note of September 16, 1937, and refuse to issue a license authorizing the export of an armored vehicle of any kind to Spain at the present time.

WASHINGTON, November 26, 1937.

852.3300 Motomar/40 : Telegram

The Ambassador in Mexico (Daniels) to the Secretary of State

MEXICO CITY, December 20, 1937—4 p.m.

[Received 7 : 07 p.m.]

323. Embassy's despatch No. 5312, August 27, 1937.⁷⁶ American Consul at Vera Cruz reports that he is informed from a source which he considers reliable that the airplanes belonging to the Spanish Government stored in the sanitary warehouse in Vera Cruz are being loaded nightly aboard the Spanish ship *Ibai*, all but four or five having already been loaded. The *Ibai* was recently commissioned as a Spanish war vessel.

DANIELS

852.3300 Motomar/40 : Telegram

The Secretary of State to the Ambassador in Mexico (Daniels)

WASHINGTON, December 21, 1937—7 p.m.

248. Your No. 323, December 20, 4 p.m. Please consult the Department's instructions in regard to this matter; in particular, telegrams Nos. 230, December 31, 1936, 3 p.m.;⁷⁷ 1, January 3, 1937, 1 p.m.; 6, January 8; 54, March 31, noon; 68, April 15, 2 p.m.; 70, April 16, 3 p.m.; 146, July 21, 3 p.m.; and instruction No. 1537, May 18.

Please bring this matter once more to the attention of the Foreign Office, bearing in mind the categorical and reiterated assurances of the Mexican Government that the transshipment of these planes to Spain would not be permitted.

Report by telegraph.

HULL

⁷⁶ Not printed; it transmitted a copy of the list of airplanes imported into Mexico up to June 5, 1937, requested by the Department of State in its instruction No. 1651, August 3, to the Chargé in Mexico, p. 596.

⁷⁷ *Foreign Relations*, 1936, vol. II, p. 624.

852.3300 Motomar/43 : Telegram

The Ambassador in Mexico (Daniels) to the Secretary of State

MEXICO CITY, December 22, 1937—5 p.m.

[Received 8:35 p.m.]

325. Your 248, December 21, 7 p.m. Boal spoke to Beteta yesterday morning and today regarding this question and was assured that the Spanish Embassy planes which have been stored in the sanitary warehouse at Vera Cruz were not being sent out of Mexico.

DANIELS

ADHERENCE BY ITALY TO THE GERMAN-JAPANESE
ACCORD OF NOVEMBER 25, 1936, AGAINST THE COM-
MUNIST INTERNATIONAL¹

762.94/161

The Ambassador in Japan (Grew) to the Secretary of State

No. 2537

TOKYO, August 9, 1937.
[Received September 7.]

SIR: Reference is made to the opinion expressed in the last sentence of the first paragraph on page 4 of my despatch No. 2482 of June 24, 1937,² to the effect that the motive of the Japanese Government in concluding with Germany the so-called Anti-Comintern Convention³ may have been to secure tangible evidence that Japan's political isolation is approaching an end. There is enclosed a translation² of a portion of an address made on the floor of the Lower House on July 28 by an obscure member who took the Government to task for not having taken steps to implement the Convention. The response of the Minister for Foreign Affairs was as follows:

"With regard to relations between Germany and Japan, it is my earnest hope, as stated in the address which I previously made, that the relations between our two countries will become still more close (applause). For the past few years Japan had virtually no relations with each one of the various countries of Europe and America, and it has carried on its diplomacy in the Far East in an independent manner. However, with the conclusion of the Japanese-German Anti-Comintern Convention Japan has established a relationship with Europe; and it is our desire that, on the basis of that relationship, we may proceed in the future to develop friendly ties also with Great Britain, France, and Italy."

The above-quoted statement of Mr. Hirota would seem to confirm the accuracy of the assumption that it has been the desire of the Japanese Government to modify the isolation into which Japan fell as a result of action taken by it in China.

According to the foreign editor of one of the leading Japanese newspapers, the German Government has indicated displeasure to the

¹ For previous correspondence, see *Foreign Relations*, 1936, vol. I, pp. 390 ff.

² Not printed.

³ Signed at Berlin, November 25, 1936, *Foreign Relations*, Japan, 1931-1941, vol. II, p. 153.

Japanese Government over the recent actions of the Japanese military in North China, on the ground that an annex to the Anti-Comintern Convention provides that Japan shall respect the territorial integrity of China, and the Japanese Government, on its side, has protested to the German Government for having permitted German officers to act as military advisers to the Chinese Government. Mr. Shiratori, who attained considerable notoriety as spokesman for the Japanese Foreign Office during the Manchuria incident, stated categorically to a member of my staff that there is no annex to the Anti-Comintern Convention such as that described by the editor above-mentioned, but he added confidentially that one clause of the Convention which relates to Soviet Russia has not been published.⁵

Respectfully yours,

JOSEPH C. GREW

765.94/50

The Ambassador in Japan (Grew) to the Secretary of State

No. 2613

TOKYO, October 1, 1937.

[Received October 18.]

SIR: I have the honor to report that the recent visit of Mussolini to Berlin, on which occasion the heads of the two outstanding anti-Communist states assailed communism and reasserted their common determination to save Europe and the world from the menace of bolshevism, naturally brings to mind the German-Japanese anti-comintern pact of November, 1936, which completes two sides of what might logically be termed an Italo-German-Japanese anti-communist triangle. The question now arises as to whether the third side of the triangle has been, or will be, completed in the form of an Italo-Japanese agreement to combat bolshevism.

Except for the sake of symmetry, it appears doubtful that the last-named agreement will prove necessary, that is, in an open, published form. It must be conceded that one of the effects of the agreement of November, 1936, with Germany was to bring about a sharp and sudden halt in the tedious but slowly progressive improvement in relations between Japan and Soviet Russia. At this time last year it will be recalled that following the sale of the Chinese Eastern Railway in March, 1935, the outstanding questions at issue between the two countries were being slowly but surely disposed of, one by one, but that with the announcement of the German-Japanese anti-Comintern pact all negotiations were abruptly terminated by the Soviets and have not since been resumed. It can only be logical to

⁵ For text of secret additional agreement signed at Berlin on November 25, 1936, see Department of State, *Documents on German Foreign Policy, 1918-1945*, series D, vol. I, p. 734, footnote 2a. This secret agreement contained three articles.

deduce, therefore, that the announcement by Japan of a similar agreement with Italy, especially at this time when Japan is locked in a bitter military struggle with Russia's virtual ally, China, would cause great resentment at Moscow and might serve further to stimulate the Soviet Government to livelier and even more dangerous, though at present indirect, action against Japan.

It will be recalled that the pact with Germany was engineered by the military and apparently without the knowledge or approval of the Foreign Office. As the military are at present otherwise engaged it appears doubtful, therefore, that the Foreign Office in the light of the former experience would undertake to conclude any agreement with Italy at the present time which would be calculated to affront the Soviets.

Another reason why it appears unnecessary to complete the triangle—to use the figure employed in the first paragraph—is that the anti-communist philosophies of both Italy and Japan are in any case recognized to be identical by both countries and by the rest of the world. There exists, therefore, an identity of interests in this respect which would make it possible for a tacit understanding to be arrived at without the necessity of the signature of a formal agreement on the subject. And there is some slight reason to believe that such may be the case.

A member of my staff had occasion to discuss the question recently with the Counsellor of the Italian Embassy, in connection with the negotiations which are going on concerning the Italo-Japanese trade agreement begun last spring by Ambassador Sugimura in Rome and continued by his successor, Mr. Hotta. During the course of the conversation the Counsellor of the Italian Embassy gave the strong impression that the question of Italo-Japanese solidarity against the communists had been discussed in connection with the trade agreement conversations but, as he put it, "our views being so similar in such questions, it seems both unlikely and unnecessary that a formal agreement be entered into." This, however, he gave as his purely personal opinion and he emphasized the fact that his Embassy had no information from Rome on the matter. As an interpretative view it appears reasonable to suppose that the Counsellor's statement is not far from the fact. At any rate it may be taken, without stretching the point too far, as a strong intimation that the question has at least been discussed between the two countries.

Regarding the trade agreement, the Counsellor said that it dealt chiefly with the question of extending the existing trade facilities between Japan and Italy to include trade with Ethiopia and he also remarked that only the "second stage" had been completed. It was gathered from the conversation further that "Manchukuo" was later

to be included, either in the agreement under discussion or in a separate agreement. It was, however, emphasized that *de jure* recognition of "Manchukuo" was not contemplated; that while an arrangement had been concluded "with the assistance of the Japanese Foreign Office" providing for the stationing of an Italian Consul General at Mukden and for "Manchukuo" Consuls to be stationed in one or more Italian maritime cities, neither was to station representatives in Hsingking or in Rome lest such move be subject to misinterpretation as constituting *de jure* recognition.

Respectfully yours,

JOSEPH C. GREW

793.94 Conference/114

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hamilton)*

[WASHINGTON,] October 28, 1937.

Colonel Strong of the War Department informed me in confidence today that he had reliable information to the effect that Italy had agreed to become a party to the German-Japanese agreement against the Comintern.

In this connection please note Paris' telegram No. 1522, October 26, 2 p. m.⁶

M[AXWELL] M. H[AMILTON]

793.94 Conference/132 : Telegram

The Chargé in Germany (Gilbert) to the Secretary of State

BERLIN, October 29, 1937—3 p.m.
[Received October 29—11:45 a.m.]

259. I learn in confidence from the Italian Embassy that the purpose of Ribbentrop's ⁷ visit to Rome was, (1)—discuss with the Italian Foreign Office the position which Italy would take at the Nine Power Conference ⁸ in its relationship to German policy; (2)—to "arrange" Italy's entry into an anti-Communist pact with Japan.

In respect of (2) I was further informed that Italy now definitely intends to become a party to such a pact and that the only point which remains to be determined is whether Rome would sign a separate pact with Japan or adhere to the existing German-Japanese agreement.

In addition to the foregoing I was only able to learn that the time which Rome might choose to take this action remains uncertain and

⁶ Not printed.

⁷ Joachim von Ribbentrop, German Ambassador in the United Kingdom.

⁸ For correspondence concerning the Brussels Conference, see vol. iv, pp. 1 ff.

that, of course, it was still not necessarily entirely excluded that some circumstance might intervene to effect a change in Rome's present intentions.

I may say that I am somewhat at a loss to evaluate this information in a manner to reconcile it with advices of a different tenor received from other quarters.

Repeated to Brussels for American delegation and to Rome, Moscow. Copies by mail to Paris, London.

GILBERT

762.94/169 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, October 30, 1937—3 p.m.
[Received 4:37 p.m.]

680. During the course of a conversation at the Foreign Office yesterday, the German-Japanese anti-Soviet Pact was mentioned and in this connection the recent visit of Ribbentrop to Rome. The official asked if the Embassy had indication of how the United States Government viewed the German-Japanese anti-Soviet Pact and its possible effects and suggested that it would be useful if the Foreign Secretary when he was at Brussels might have an informal exchange of views on this matter with Mr. Norman Davis⁹ and possibly Mr. Hornbeck¹⁰ and Mr. Moffat.¹¹ The official went on to say that according to the information of the Foreign Office, Germany was making an effort to secure an enlargement of the anti-Soviet Pact with Japan by securing the adhesion of other countries, this being with the view of establishing for herself a guarantee of hegemony over those countries. I did not gather that the Foreign Office views the anti-Soviet Pact with any particular concern merely as an indication of an alliance between Germany and Japan, but rather from the viewpoint that Germany is attempting to use it as a leverage to further her aims in Europe. According to the Foreign Office it is Germany rather than Japan that is taking the initiative in the efforts to enlarge the Pact. Poland, he said, had twice refused an invitation of Germany to adhere to the Pact. The Foreign Office is not sure what response has been given Germany by Portugal. Brazil, for some reason which is not clear, was approached by Japan in the matter and not Germany and returned an evasive answer.

The Foreign Office has what it believes reliable information that for some time prior to Ribbentrop's visit to Rome independent talks

⁹ American delegate.

¹⁰ Stanley K. Hornbeck, Adviser on Political Relations.

¹¹ Jay Pierrepont Moffat, Chief of the Division of European Affairs.

went on between Japan and Italy with a view to negotiation between those two countries of a bilateral anti-Soviet Pact parallel to but independent of the German-Japanese Pact. To this Germany is said to have strenuously objected and to have insisted that the original German-Japanese Pact be enlarged by adhesions of other countries. The belief was expressed that an announcement of Italy's accession to this pact would be forthcoming shortly.

The Foreign Office appears to see in these maneuvers of Germany something more than efforts motivated by fear of infiltration of Communist principles into Germany. The isolation of Russia, which the success of these efforts might lead Germany to hope for, would serve other purposes and at the same time Germany would have built up a group of nations under her leadership in which dislike of Russia would serve as the starting point of what might develop into a loose alliance. To state the matter simply, it appears from the Foreign Office's statement that Germany is endeavoring through the anti-Soviet Pact to set up a bloc of nations under her own leadership in opposition to the Anglo-French and Franco-Soviet combinations.

I gather that Ribbentrop's visit to Rome has puzzled the Foreign Office here; that they feel reorientations of policy are taking place on the continent; that they are somewhat puzzled and anxious and are trying to ascertain what direction these new moves are taking. No one seems to know exactly what Germany is driving at and it is of interest in this connection that, according to my Foreign Office informant, the Foreign Secretary was sufficiently puzzled and concerned by Ribbentrop's visit to Rome to express to him on his return to London a vague surprise at such field of activity for the German Ambassador to Great Britain. It seems that the German Ambassador interpreted this, which was really a hint for information as to what he had been doing, as an expression of extreme regret on the part of the Foreign Secretary that he had not remained in London where his services were invaluable, and so reported to the German Foreign Office, giving them to understand that his position in London was so tremendous that he had been reproached for staying away so long.

I was also told that apropos of the invitation to Germany to attend the Nine Power Conference at Brussels Ribbentrop had stated somewhat obscurely to Eden¹² that Mussolini "ought to win in the fight with China" for the sake of the whole world as it would be a valuable setback to communism. If this statement accurately represents the views of Hitler and the German Government it would seem to offer a sufficient explanation of why Germany has declined the invitation. A not illogical inference would be that Germany has not [*got?*] her

¹² Anthony Eden. British Secretary of State for Foreign Affairs.

own terms with Japan, for what they may be worth, for the safeguarding of her considerable interests in China.

A member of the staff has written a private letter to Moffat at Brussels conveying information of the Foreign Office's expressed desire to exchange views with officials of the Department regarding the German-Japanese anti-Soviet Pact. The information outlined above in regard to German activities in this connection was given by the Foreign Office in the utmost confidence. It has not been detailed in the letter to Moffat at the express requests of the Foreign Office.

BINGHAM

762.94/171 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, November 2, 1937—noon.

[Received November 2—9:20 a. m.]

462. My telegram 461, November 1, 3 p.m.¹³ I was informed in strictest confidence at the Foreign Office this morning that the matter of Italy's adherence to the German-Japanese Anti-Communist Pact had been under discussion for some time and that while no definitive agreement had yet been reached there was agreement in principle and that a formal announcement of Italy's adherence might be expected in the very near future. My informant could set no date for this announcement and in response to my inquiry said he did not know whether it would be made before the adjournment of the Nine Power Conference as no one could predict how long that conference would last.

Repeated by telegraph to Brussels delegation, London, Paris, Berlin.

PHILLIPS

765.94/55 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, November 2, 1937—10 p. m.

[Received November 2—10:28 a. m.]

514. 1. The evening papers report that the Cabinet today approved an important diplomatic document which was then submitted to the Emperor for approval; that after examination by the Privy Council and approval by the Emperor the document will be signed.

2. The document under reference is believed to be a treaty with Italy to combat communism probably with an additional secret clause.

Repeated to Nanking.

GREW

¹³ Not printed.

765.94/60 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

ТOKYO, November 5, 1937—6 p.m.
[Received November 5—6:40 a.m.]

522. I am confidentially informed by a member of the Italian Embassy that arrangements have been completed for signature at Rome on November 6 at 7 p.m., of the Japanese-Italian Anti-Communist Pact.¹⁴

GREW

762.94/180 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, November 8, 1937—4 p.m.
[Received November 8—3:47 p.m.]

1572. In conversation this morning an official of the Foreign Office said to us apropos of Italian adherence to the German-Japanese Anti-Comintern Pact that the Foreign Office saw in this enlarged agreement two possibilities which furnished cause for worry. First, it could be used as a pretext by the Fascist states for provoking civil war in any country on the ground that the "defense measures" contemplated by the pact had become necessary to prevent the spread of communism. Second, it could have a far reaching influence on internal developments in many countries, for instance in Yugoslavia, Poland and Czechoslovakia. Yesterday the semiofficial newspaper at Belgrade had praised the Anti-Communist Pact as saving civilization and social order. There might be temptation for Stoyadinovich¹⁵ who finds himself in difficulties to try to make use of the Pact by saying that if agitation against him did not cease there would be intervention by Mussolini to preserve order in Yugoslavia. There might be temptation to make use of the Pact in a similarly dangerous manner in Poland and Czechoslovakia.

There is no question, said our informant, that the enlarged Pact is an instrument which can become extremely dangerous. The whole question is whether the three signatories intend to use it as a means for the achievement [of] political ends, or whether they will be content to let it stand as a spectacular gesture to impress the world with their solidarity. Future developments in relation to the Pact will, therefore, bear careful watching.

¹⁴ For translation of text of protocol concluded by Italy, Germany, and Japan November 6, 1937, see *Foreign Relations, Japan, 1931-1941*, vol. II, p. 159.

¹⁵ Milan Stoyadinovich, Yugoslav Premier.

Our informant went on to say that the new Pact is bound to reenforce everywhere governments of dictatorial tendency and remarked that he supposed that this aspect of the question would in its relationship to certain Latin American countries be of interest to Washington. In this connection he said that the Foreign Office had this morning received a cable from the French Embassy at Tokyo stating that according to the Japanese press Bolivia had announced readiness to adhere to the Anti-Communist Pact. In short our informant added the Pact contains possibilities for disturbing the whole world.

Copies to Berlin, Rome, London, Belgrade.

BULLITT

762.94/177 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, November 8, 1937—5 p.m.

[Received November 8—8:50 a.m.]

528. The news of the adherence of Italy to the Anti-Communist Pact is being enthusiastically received in Japan. Reports were carried by the papers yesterday in banner headlines, parades were held through decorated streets and the German and Italian flags along with the Japanese flags were placed over the gates of the Foreign Office.

2. The press without exception express approval. Editorials for the most part stress the ostensible purpose of the pact and the added vigor given to it by the adherence of Italy but the real reasons for Japanese satisfaction are also revealed as indicated by following excerpts:

Hochi: "It is not to be expected that the practical benefits of the new instrument will materialize at once but it is obvious that the intangible benefits of the German-Japanese Pact will be greatly enlarged. In connection with the present confirmed China-Japan stands surrounded by a group of unfriendly nations and it has been greatly inspired by the mere existence of the pact with Germany so that no words are necessary to indicate how greatly the adherence of Italy will contribute toward strengthening Japan's international position".¹⁶

Yomiuri: "From the general international situation the three powers have in common one characteristic. Japan and Germany have withdrawn from the League of Nations while Italy, though still nominally a League member since the Ethiopian affair, is no longer bound by the League; each of them is following objectives which lie in directions different to the objectives of countries revolving around the League. It cannot be denied that this common characteristic has promoted the conclusion of the Anti-Communist Pact and it may be an-

¹⁶ This sentence is apparently garbled.

ticipated that the conclusion of the Pact will also promote agreement among the three nations on a variety of questions”.

Nichi Nichi: (After argument that the democratic powers are using Soviet Russia to resist any change in the *status quo*.) “There is no doubt but that the close association of Japan, Germany and Italy raises the curtain on a new scene in international politics. The so-called Rome-Berlin Axis boldly challenges the fictitious peace maintained in Europe and the selfish policy of preserving the *status quo* pursued by the ‘have’ nations, as Germany and Italy believe that only by so doing can there be realized the right of every country to exist and to develop. Japan is in the same position as Germany and Italy. The three nations have common national tendencies and national aspirations. It is therefore a logical result that they should together pursue national policies designed to break down by national processes the *status quo* and to create an order of real international justice”.

Repeated to Nanking.

GREW

762.94/182 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, November 9, 1937—noon.

[Received November 9—8:25 a.m.]

472. My 468, November 7, 11 a.m.¹⁹ It is officially confirmed this morning that the Soviet Ambassador called yesterday upon Count Ciano to inform him that the Government of Moscow regarded the conclusion of the Tripartite Anti-Communist Pact as contrary to the agreement of 1933¹⁸ (see text of agreement, particularly articles 3 and 4 contained in Embassy’s despatch 165, September 7, 1933¹⁹) and that it considered the Italian gesture as unfriendly towards the Soviets. It is further announced that Count Ciano took note of this communication.

Repeated to American delegation.

PHILLIPS

852.01/295 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, November 13, 1937—11 a.m.

[Received November 13—1:18 a.m.]

540. The press states this morning that, in line with the desire of the Japanese Government to implement the Anti-Communist Pact,

¹⁸ Pact of Friendship, Non-Aggression and Neutrality, signed at Rome, September 2, 1933, by representatives of the Italian and Soviet Governments, League of Nations Treaty Series, vol. CXLVIII, p. 319.

¹⁹ Not printed.

consideration is being given to Japan's recognition of the Franco regime.²⁰

In connection with the negotiations which have been taking place for several months with regard to the new commercial convention between Japan and Italy, there are persistent indications that the possibilities of a trade arrangement among Japan, Germany and Italy are being examined. It has been suggested that such an arrangement would cover only raw and semi-manufactured materials, but this is probably conjecture.

GREW

762.94/193 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, November 13, 1937—11 a.m.

[Received November 13—8:45 a.m.]

476. In a conversation with Count Ciano yesterday he said that he wished to assure me that there were no secret undertaking[s] whatsoever connected with the Tripartite Anti-Communist Pact and that it was nothing more than a three-cornered recognition of attitude of the three Governments in their opposition to the spread of communism.

He also told me that while he had received a number of sympathetic messages with respect to the pact from other governments which he did not name he did not believe there were any other governments now prepared to join it.

With reference to the press reports concerning possible resumption of Anglo-Italian negotiations Ciano told me in strict confidence that the British Ambassador had called upon him to urge him to go to Brussels for the purpose of meeting Eden. He explained that he had declined for two reasons: first, because the conference was a failure and he did not wish to be regarded as having contributed to the failure; and secondly, he did not see that it would be useful to talk to Eden at this time without adequate preliminary preparation. He said, however, that he was prepared to meet the British Foreign Secretary at any time after the ground for the meeting had been duly prepared. I gained the impression, however, that Ciano would prefer that such meeting mark the successful conclusion of negotiations rather than entail his negotiating with Eden directly.

Ciano admitted quite frankly that there was mutual distrust between Italy and Great Britain and that this was the material cause of divergence between the two countries. He said that whereas the British

²⁰ For correspondence concerning the Spanish situation, see pp. 215 ff.

had apparently reached the conclusion that Italian armaments were intended primarily for the purpose of striking at England the Italians on their part were equally distrustful of British intentions and were convinced that British armaments were to be used against them. Ciano added that in addition to mutual distrust there was of course the question of the recognition of the Empire before the Italians and the British could make much progress. A number of matters between them remained to be adjusted and as they were chiefly colonial matters, recognition of the Italian colonies was a necessary preliminary. In stating that he was ready at any time to open conversations with England in an effort to eliminate the difficulties upon this subject he seemed to be sincerely hopeful that some step in this respect might shortly be made from London. It was evident however that he did not contemplate taking the initiative.

PHILLIPS

852.01/299 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, November 18, 1937—7 p.m.

[Received November 18—11 a.m.]

550. Our 540, November 13, 11 a.m.

1. It is reported in the papers today that the Foreign Minister presented to the Cabinet for approval an instrument providing for the recognition on November 25 of the Franco regime.

2. The Foreign Office informally advises us that any report indicating that a decision has been reached is premature. The Foreign Office confirms that recognition of Franco regime is "under consideration" but it adds that the final decision might be in the negative. However, as an indication of the probable nature of such final decision the Foreign Office invited attention to the influence on the general international situation of the Anti-Communist Pact. We take this to mean that the decision will be in the affirmative.

3. It is also reported in the press that a plan is under consideration whereby Germany and Italy would recognize "Manchukuo".²¹

GREW

762.94/2134

Memorandum by the Under Secretary of State (Welles)

[WASHINGTON,] November 27, 1937.

I inquired of the British Ambassador this morning when he called upon me whether he had as yet any information from his Government

²¹ See vol. III, pp. 915 ff.

in response to the inquiry addressed to him by the Secretary of State in a conversation a few days ago as to whether the British Government was informed of the nature and extent of any secret agreements which might have been reached between Japan, Germany and Italy.

The Ambassador pulled out of his pocket the attached "most secret" memorandum ²² which he said he had received on Thursday and which he stated was the reply to the inquiry which he had addressed to his Government after receiving the inquiry made by the Secretary of State.

762.94/213½

The British Embassy to the Department of State ²³

You may tell Mr. Hull in the utmost secrecy that we hardly believe that anything exists quite so definite as an alliance, but we have no doubt that as between Germany and Japan machinery has been set up for a very full exchange of information as to communistic activities both inside and outside the U. S. S. R. and almost certainly the two General Staffs compare notes as to Russian military activities. We believe that Germany and Japan have provided for some kind of consultation in the case of either being threatened with Russian aggression and for a kind of permissive neutrality by either if the other is attacked but we have no reason to believe that Italy is included in these arrangements. No doubt each of the three would like the other two to believe that as regards information on general matters it keeps nothing back, but we do not believe in point of fact that either Germany or Japan give quite their full confidence to Italy. On the other hand no diplomatic document has for some time been dealt with by either Italy or Germany without consultation with the other, and the collaboration between the two has been of the closest. The gunnery practice which the Italian Government recently afforded in Italian waters to the German fleet, and with Italian targets is a facility for which no precedent exists except between allies in time of war.

All three may be expected to use the present agreement or alignment as a means of promoting their own interests in the world at large and in particular of organising joint pressure on ourselves if need be, but we cannot at present say how much more there is to it than this or how well the arrangement or its implications would stand up to any strain.

²² *Infra.*

²³ Memorandum of reply from the British Government received by the British Embassy on November 25.

FAILURE OF NEGOTIATIONS AMONG NAVAL POWERS
TO ESTABLISH 14-INCH MAXIMUM GUN CALIBER
BY REASON OF JAPANESE REFUSAL TO ACCEPT
LIMITATION¹

500.A15A5/842 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, January 14, 1937—7 p.m.

11. Your 599, December 7, 8 p.m.²

1. On January 8, the President announced that he had directed the Navy Department to proceed with the construction of two replacement battleships. It has, in consequence, become imperative for us to have the matter clarified of Japan's position with regard to article IV, paragraph 2, of the London Naval Treaty, 1936,³ relating to the calibre of guns on capital ships.

2. In your telegram referred to above you stated that Craigie⁴ had told the Japanese Ambassador on December 4, 1936, that the British must have an answer in this matter before the end of the year and that it was the British view that the Japanese reply would take the form of a "semi-official assurance".

3. You are requested to inquire of the British (a) whether now in fact they have received a reply from the Japanese; (b) if a reply has been received, whether it takes the form of the "semi-official assurance"; (c) if no reply has been received, what action the British contemplate taking in the near future.

HULL

500.A15A5/850 : Telegram

*The Ambassador in the United Kingdom (Bingham) to the Secretary
of State*

LONDON, January 15, 1937—5 p.m.
[Received January 15—4: 09 p.m.]

20. In today's press conference Foreign Office reported Italy has agreed to a 14-inch gun providing Japan falls in line with all the

¹ For previous correspondence regarding questions of naval armament, see *Foreign Relations*, 1936, vol. I, pp. 102 ff.

² *Ibid.*, p. 116.

³ Department of State Treaty Series No. 919; 50 Stat. 1363. See also *Foreign Relations*, 1936, vol. I, pp. 102 ff.

⁴ Sir Robert Leslie Craigie, British Assistant Under Secretary of State for Foreign Affairs.

other principal powers. This public statement was made purposely I am informed for Japanese consumption.

In discussing your 11, January 14, 7 p. m., today Craigie stated Yoshida⁵ had honestly attempted but unavailingly to obtain his Government's reply on this matter for the last 3 months but the Japanese Ambassador himself now agreed with the Foreign Office it was best that a formal representation be made by Ambassador Clive⁶ to the Tokyo Foreign Office. At the same time Yoshida confidentially told Craigie his opinion that Admiral Nagano⁷ was the main obstacle since, Nagano having achieved home popularity by walking out of the Naval Conference, he was fearful of this personal prestige should the Government now take any steps that seem to go back on Nagano's position. Consequently the Foreign Office has drafted a telegram of instruction to Clive to go forward this week to inform the Tokyo Foreign Office that the Governments of the United States, France, Italy, Germany and Soviet Russia with a number of other smaller governments have agreed to the 14-inch gun (apart from question of two capital ships mounting larger guns). Every deference has been paid to Japanese susceptibilities in not pressing this matter but the moment has come when the Japanese Government must decide whether they are going to be the one nation standing out against the 14-inch gun. Clive is instructed to point out that in the British view Japan is paying too much attention to the technical side of this question and not enough to the political. Clive is then instructed approach the Japanese Government in the foregoing sense "(a) to give the necessary assurances to permit the London Naval Treaty coming into force with the 14-inch gun as maximum caliber; (b) to take no action in practice that would entail invocation of escalator clause by other powers and so bring the whole treaty system to the ground". In conclusion Clive is instructed to state that if Japan is unwilling to join the other naval powers of the world in this general accord the British Government will find it difficult to reconcile such an attitude on the part of the Japanese Government with recently expressed professions of friendship.

Craigie assured me Clive would be instructed to keep in close touch with Grew but Foreign Office looks for no reply before 2 or 3 weeks.

BINGHAM

⁵ Shigeru Yoshida, Japanese Ambassador in the United Kingdom.

⁶ Robert Henry Clive, British Ambassador in Japan.

⁷ Osami Nagano, Japanese Naval Minister, who had been delegate to the Naval Conference, London, 1935.

500.A15A5/851a : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, January 16, 1937—5 p. m.

9. 1. For your confidential information, British tell us Clive will be instructed this week to inform the Japanese Government (1) that the Governments of the United States, Great Britain, France, Italy, Germany, Soviet Union, and a number of lesser naval powers have agreed to limit the caliber of guns on capital ships to 14 inches (with the exception of two capital ships which the Soviets may build with guns of larger caliber); (2) that the moment has come when the Japanese Government must decide whether it is to be the only one opposing the 14-inch gun limit; (3) that it is hoped that the Japanese will approach this problem more from the political than the technical viewpoint. Clive will then be instructed formally to request the Japanese Government (1) to give the necessary assurances to permit the London Naval Treaty, 1936, to come into force with the 14-inch limit on capital ship gun caliber; (2) to take no action in practice that would entail invocation of the escalator clause by other powers and so bring the whole Treaty system to the ground. In conclusion, Clive will be instructed to state that if Japan is unwilling to join the other naval powers in this general accord the British Government will find it difficult to reconcile such an attitude on the part of the Japanese Government with recently expressed professions of friendship.

2. The British have decided upon this course after the failure of Yoshida to obtain a response from his Government due, it is believed, to the opposition of Nagano.

3. We think it best for the British to make this formal inquiry of the Japanese without action on our part. Clive will be instructed to keep you posted on the outcome of his initiative. Please keep the Department currently informed by telegraph.

HULL

500.A15A5/852 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, January 18, 1937—6 p. m.
[Received January 18—9:20 a. m.]

8. Department's 9, January 16, 5 p. m. Clive made oral and written representations today as outlined in Department's telegram. Arita^s replied that the Japanese Navy is opposed to accepting a qualitative without a quantitative limit but that he would investigate and would

^sK. Arita, Japanese Minister for Foreign Affairs.

try to give a reply "in a week or a little more". Clive pressed him for a more urgent reply. He has promised to inform me as soon as the reply is received.

Clive says that both the British and German Naval Attachés believe that the Japanese naval authorities are now considering the construction of battleships of 50,000 tons with 18-inch guns.

GREW

500.A15A5/853 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, January 18, 1937—7 p. m.

[Received January 18—3:05 p. m.]

28. My 22, January 16, 1 p. m.⁹ In reply to the Naval Attaché's request for confirmation that Italy had accepted a limitation of 14 inches for guns to be placed on future capital ships, the Ministry of Marine has stated in writing that this limitation applies only to future construction and not to the two capital ships now building which will have guns of 15 inches. A copy of the reply which gives further details will be mailed by the first pouch.¹⁰

In this connection the British Ambassador told me yesterday that although he had received no pledges regarding Italy's adherence to the naval treaty he was satisfied in his own mind, in view of statements made to him by Ciano,¹¹ that the only remaining obstacle to Italian cooperation was the delay in French and British ratification.

PHILLIPS

500.A15A5/855 : Telegram (part air)

The Minister in Switzerland (Wilson) to the Secretary of State

BERN, January 20, 1937—1 p. m.

[Received January 21—11:30 a. m.]

8. I learn that Walters¹² of the League Secretariat has just returned from London and has prepared a memorandum for Secretariat use of a conversation with Craigie.

According to Craigie bilateral naval negotiations are going well but the whole treaty structure will fall if Japan does not come in on the 14-inch gun limitation. If Japan does come in it will become necessary as rapidly as possible to bring in the small powers. Craigie thought this could best be done under League auspices and that it was

⁹ Not printed.

¹⁰ Not found in Department files.

¹¹ Galeazzo Ciano di Cortellezo, Italian Minister for Foreign Affairs.

¹² F. P. Walters, Under Secretary General of the League of Nations.

possible that the Secretary General would shortly be consulted by the Foreign Office with a view to convening such a meeting.

It appears from the memorandum that negotiations are in progress with Japan on the question of the 14-inch gun.

Cipher text to London.

WILSON

500.A15A5/855 : Telegram

*The Secretary of State to the Minister in Switzerland (Wilson)*¹³

WASHINGTON, January 22, 1937—4 p. m.

515. Your 8, January 20, 1 p.m. The British made oral and written representations to the Japanese on January 18 in the matter of the 14-inch gun limitation. The Japanese replied that Japan was opposed to accepting a qualitative without a quantitative limit but said they would give the problem further consideration and make a definitive reply in a week or a little more.

HULL

500.A15A5/857 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, January 25, 1937—5 p. m.
[Received January 25—8:45 a. m.]

26. Embassy's 8, January 18, 6 p. m. Arita asked Clive to call on him today and said that since there had been time before the Cabinet resigned to hold only one conference concerning the British proposal for a general limitation of naval guns to 14 inches the Cabinet has decided to leave the decision to its successors in office.

GREW

894.30/108 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, February 18, 1937—4 p. m.
[Received February 18—7:17 a. m.]

58. 1. In response to interpellation in the Lower House on February 16 Navy Minister Yonai stated incidentally "I shall refrain from launching such naval expansion as would stir other powers and I have no intention of maintaining strength equal to the strongest naval powers in the world". The house applauded this statement.

¹³ This telegram was evidently addressed to Mr. Wilson in his capacity as member of the American delegation to the Disarmament Conference at Geneva.

2. Last night former Ambassador Debuchi took occasion to call my attention to the significance of this statement.

GREW

500.A15A5/866

The Chargé in the United Kingdom (Atherton) to the Secretary of State

No. 2896

LONDON, March 3, 1937.

[Received March 13.]

SIR: I have the honor to quote below text of an informal Note I have received today from the Foreign Office in which, I venture to point out, information is requested as to whether my Government would be prepared to furnish certain information under Article 10 of the London Naval Treaty, 1930,¹⁴ and Chapter II, Part 3 of the Treaty of Washington, 1922:¹⁵

"You will remember that Article 10 of the London Naval Treaty, 1930 and Chapter II, Part 3 of the Treaty of Washington 1922 provided for the communication to the other signatories of the Treaty of various particulars including information in regard to the date of laying down and completion of vessels by or for the Contracting Powers. The Protocol of Signature of the London Naval Treaty, 1936 as worded, however, makes provision only for exchange of information in regard to vessels laid down after January 1st, 1937. The Protocol of Signature does not provide for exchange of information between signatory Powers in respect of the completion or acquisition during the period between January 1st, 1937 and the coming into force of the London Naval Treaty 1936, of vessels which were laid down before the end of 1936.

Our view of the position is that it was the intention of the Protocol of Signature that full exchange of information similar to that provided for in the Treaties of 1922 and 1930 should be continued during this interim period. We propose, therefore, to be guided by the spirit rather than the exact wording of the protocol of Signature and to continue to furnish to the signatory Powers of the London Naval Treaty, 1936, the information required by Article 10 of the London Naval Treaty 1930, and Chapter II Part 3 of the Treaty of Washington 1922 in respect of ships laid down either before or after January 1st, 1937 and acquired or completed during the interim period.

I should be grateful if you would be good enough to inform your Government accordingly and to inquire whether they would be similarly prepared to furnish His Majesty's Government with the full information as would be required under Article 10 of the London Naval Treaty, 1930 and Chapter II, Part 3 of the Treaty of Washington 1922."

Respectfully yours,

RAY ATHERTON

¹⁴ *Foreign Relations*, 1930, vol. I, p. 107.

¹⁵ *Ibid.*, 1922, vol. I, p. 247.

500.A15A5/866 : Telegram

*The Secretary of State to the Chargé in the United Kingdom
(Atherton)*

WASHINGTON, March 17, 1937—2 p.m.

87. Your despatch No. 2896, March 3rd, 1937. You may reply to the British that this Government agrees that the intention of the Protocol of Signature of the London Naval Treaty, 1936, is that full exchange of information similar to that provided for in the naval treaties of 1922 and 1930 should be continued from January 1 to July 1, or until such time as the Treaty shall come into force, and accordingly this Government will communicate to the signatory Governments on a basis of reciprocity particulars with regard to the completion or acquisition of vessels in the period referred to herein above.

HULL

500.A15A5/867 : Telegram

*The Ambassador in the United Kingdom (Bingham) to the Secretary
of State*

LONDON, March 22, 1937—5 p.m.
[Received March 22—12:55 p.m.]

161. A journalist has just informed me Ambassador Yoshida had told him this morning that in spite of every desire on the part of Sato¹⁶ to meet the English, nevertheless, due to strength of the naval party, Japan will not accept 14-inch gun calibre limitation.

BINGHAM

500.A15A5/871 : Telegram

*The Ambassador in the United Kingdom (Bingham) to the Secretary
of State*

LONDON, March 30, 1937—1 p.m.
[Received March 30—8:50 a.m.]

178. Foreign Office has informed me that Foreign Secretary has handed to British Ambassador in Tokyo formal Japanese reply refusing to accept 14-inch gun limitation since it would mean "qualitative without quantitative limitation".

An editorial entitled "Japan's Responsibility" published in today's *Times* concludes as follows:

¹⁶ Naotake Sato, Japanese Minister for Foreign Affairs, replacing Hayashi who replaced Arita.

"The first step towards a new naval race will be the adoption of 16-inch guns as the largest that may be mounted instead of the 14-inch provided by the Treaty; despite her withdrawal from the Conference it was within the power of Japan to prevent that step by a mere undertaking before April 1 not to take it herself. Her definite refusal to give any such undertaking has just been reported from Tokyo. If the world now finds itself once more committed to the folly of unrestricted naval competition there can be no possible doubt where the responsibility lies".

BINGHAM

500.A15A5/878a : Telegram

*The Secretary of State to Mr. Norman H. Davis at London*¹⁷

WASHINGTON, April 13, 1937—7 p.m.

For our use in discussions relating to decision on 14 or 16-inch gun will you endeavor to obtain latest confidential information with regard to present position of Great Britain and Japan on the question as well as any corollary information which might be pertinent. I would suggest your cabling me as soon as you conveniently can anything you might obtain on the subject.

HULL

500.A15A5/879 : Telegram

Mr. Norman H. Davis to the Secretary of State

LONDON, April 16, 1937—2 p.m.

[Received 11:25 p.m.]

Previous to receipt of your unnumbered telegram of April 13, 7 p.m., Hoare¹⁸ had asked me to meet with him and Admiral Chatfield to discuss naval matters which we did Wednesday afternoon.¹⁹ Vice Admiral Henderson was also present for the British and Captain Wilson accompanied me.

We first discussed the uncertain situation resulting from the Japanese attitude. The British fear that Japan, realizing that it has not the resources or facilities for keeping pace with Britain actively in quantitative naval armaments, may decide to attempt to overcome this disadvantage by building a new type of ship. On the other hand the British do not ignore the possibility that Japan may be bluffing, that it may be taking this position for purely political reasons and not

¹⁷ Mr. Davis had been Chairman of the American delegation to the London Naval Conference and continued to be consulted on naval questions pertaining to disarmament while in London as Chairman of the delegation to the Sugar Conference (see pp. 931 ff).

¹⁸ Sir Samuel Hoare, First Lord of the Admiralty.

¹⁹ April 14.

with a view of gaining some advantage through freedom of action since there is some evidence recently that the Japanese Government is tending towards a more reasonable and conciliatory attitude.

The British have no information to support the rumors that Japan is planning to lay down battleships above the 35,000 ton limit mounting guns 16 inches or larger. In fact the British believe that if Japan should turn to a new type it would be more apt to construct a larger and more powerful type of cruiser than experiment with a larger type of battleship. Chatfield expressed more concern about a possible increase in the size of the proposed Japanese ships than with an increase in gun caliber and suggested that since Japan had refused to commit herself to limit the size of guns it might be wise to seek to obtain a commitment from her with regard to the size of ships. Hoare and I did not concur with this view. I suggested that since Japan had declined to bind herself to the 14-inch gun limitation but had continued to reiterate a desire to avoid a naval race, it might be possible to persuade them to agree that if they should decide to depart from the limitations in type fixed by the London Naval Treaty of 1936 they will give notice in advance of laying down a new type of ship. Hoare appeared to favor this suggestion and said that in his opinion the time had come when it should be pointed out clearly to the Japanese that their failure to enter into any form of naval limitation or to give definite information of their intentions or evidence of a desire to prevent a naval race would create an unfortunate and serious situation.

I explained that the failure of Japan to accept the 14-inch gun on capital ships obliged us to decide in the near future whether to mount 14 or 16-inch guns in our two new battleships and asked if they could give me some information regarding the plan for the five British battleships now building or authorized. Chatfield replied that the five new battleships under construction would carry ten 14-inch guns and have a speed of 30 knots or slightly less, that they were being built for Europe and particularly to match the five German battleships which will be completed in 1940-1; that particular consideration had been given to protection against damage by mines and aircraft and that their design had not been materially affected by what the Japanese might do. He said that in the next class of battleships laid down it would probably be necessary to take into consideration the ships which Japan might build. I asked if French had facilities for laying down two additional battleships next year to meet possible construction by Japan. Chatfield replied in the affirmative but Admiral Henderson added that it would be necessary to make a decision before next August in order that the forgings might be prepared for 16-inch guns.

Intimated to Hoare that in view of the world situation and the unreasonable request [*refusal?*] of Japan to agree to anything it was my personal opinion that the United States ought to accelerate its replacement program and asked what he thought the effect on Japan would be if the United States should decide to lay down three additional battleships and one aircraft carrier. He thought the probable effect would be good and said it would be agreeable to the British. Chatfield agreed but with the reservation that should the United States mount 16-inch guns Japan might use that as an excuse to build one or two larger ships carrying 18-inch guns.

Recognizing that it is impossible to forecast what the Japanese reaction might be to this or any other program, it was agreed that if the Japanese should see themselves being out-distanced in numbers of ships it was possible they might seek to maintain their position by departing from the treaty categories. It was agreed moreover that information should be sought regarding Japanese plans for new construction but that it would be advisable to defer specific move in this respect until the naval negotiations between Great Britain and certain European powers had been completed.

The conversation then turned to the British bilateral naval negotiations with Germany and Russia and to the prospects for ratification by the British of the London Naval Treaty 1936. I told them that Maiski, the Russian Ambassador, had just told me that he expected to be authorized to sign the naval treaty by end of this month. Hoare said he hoped that was true because if the negotiations with the Russians could be successfully completed agreement with the Germans would quickly follow. He complained of the dilatory utterances of the Russians but said that should agreement be reached with them and the Germans and understanding be arrived at with the Italians at least not to depart from the provisions of the treaty, the Government would go to the House of Commons to obtain ratification of the treaty. Hoare emphasized however, that he would not feel justified in going to Parliament with the treaty until there is agreement with the principal naval powers of Europe. He said that the present was a difficult time in the relations of Great Britain and Italy and feared that in the present conditions it might be difficult for the British to arrive at an understanding on naval matters with the Italians. He thought that it might be desirable for us to approach the Italian Government on this subject.

It was agreed (1) that the bilateral naval negotiations between Great Britain and the major European naval powers should be concluded as soon as possible; (2) that I should take up with you the practicability of the United States approaching Italy later on with a view to obtaining at least an [assurance] that Italy would not depart

from the provisions of the London Naval Treaty 1936; (3) that as soon as agreement was reached in Europe it would be desirable to attempt to obtain from Japan information as to her intentions with regard to adhering to or departing from the treaty categories.

In discussing the pros and cons as to 14 and 16-inch guns the British agreed that as a result of the Japanese action the 16-inch gun becomes the established maximum caliber and that the only practical way to establish and ensure adherence to the 14-inch gun now would be by mutual agreement. The British said that while they will under no circumstances depart from the 14-inch gun on the five ships under construction what they will do in the future will depend upon what Japan does. Chatfield said that the British were much more concerned about Japan adhering to the tonnage limitations under the treaty than whether or not they mount 14 or 16-inch guns. My impression is that the British hope that the United States will decide on 14 rather than on 16-inch guns. Chatfield was inclined to the view that if we would keep to the 14-inch gun Japan would be less apt to get frightened whereas if we adopted 16-inch guns now she would be more apt to go to an 18-inch gun. I said that I personally had hoped we would keep to the 14-inch gun at least for the two battleships under construction but that since the 16-inch gun now becomes the treaty maximum I was becoming more doubtful about it unless, before the decision has to be made, Japan shows a more reasonable attitude and unless for political or psychological reasons it might be deemed advisable to keep up to the 14 on these two battleships. It was understood that after I have reported our conversation to Washington and we have both given further thought to the matters discussed we might usefully have another talk before my departure. Memorandum of conversation follows by pouch.

DAVIS

500.A15A4 Steering Committee/511 : Telegram

The Secretary of State to Mr. Norman H. Davis at London

WASHINGTON, April 21, 1937—4 p.m.

Your April 16, 2 p.m. I consider the progress made in the conversation you report to be highly satisfactory.

With regard to our taking up with Italy the matter of their not departing from the provisions of the 1936 Naval Treaty, I would see no objection to our doing so if you were to recommend such an approach.

HULL

500.A15A5/882 : Telegram

*Mr. Norman H. Davis to the Secretary of State*LONDON, April 24, 1937—4 p.m.
[Received April 24—11:52 a.m.]

Your April 21, 4 p.m. In discussing with Cadogan²⁰ the pros and cons of our approaching Italy in regard to the naval treaty, we both agree it would be undesirable to do anything until after agreement is reached with Russia and Germany. I also told Cadogan that since the British have been taking the initiative all along I thought it would be better for us not to take this up with Italy unless it should be found inadvisable for the British to do so. Cadogan agreed and said that the tension with Italy was easing somewhat and that the prospects of getting Italy to sign were improving.

The British informed me that the Soviet Ambassador has now received authority to sign the naval treaty and that as soon as German consent to the modifications, tentatively agreed upon with Russia, had been obtained they will sign both agreements which they hope will be shortly.²¹

DAVIS

500.A15A5/882a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, June 2, 1937—6 p.m.

216. Please ascertain whether British Government is pursuing endeavors to obtain definite information on Japanese naval plans and, if so, whether they have any hope of obtaining an early decision.

HULL

500.A15A5/883 : Telegram

*The Ambassador in the United Kingdom (Bingham) to the Secretary
of State*LONDON, June 3, 1937—4 p.m.
[Received June 3—11:05 a.m.]

340. Department's 216, June 2, 6 p.m. Foreign Office informs me that some 2 months ago when British Naval Attaché in Tokyo handed

²⁰ Alexander M. G. Cadogan, British Deputy Under Secretary of State for Foreign Affairs.

²¹ Anglo-Russian and Anglo-German naval agreements were signed in London, July 17, 1937; for texts, see British Cmd. 5518, Russia No. 1 (1937), and British Cmd. 5519, Germany No. 1 (1937), respectively.

the Minister of [Marine] copy of the British naval estimates for 1938 he inquired whether the Japanese Government was disposed to take similar action in keeping the British Government informed. The Japanese Government agreed to take the matter under advisement but no reply has been received since.

With the exception of the above the British have had no naval conversations with Japanese since that reported in my 178, March 30, 1 p.m.

BINGHAM

500.A15A5/883a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom (Bingham)*²²

WASHINGTON, June 4, 1937—8 p.m.

223. As you are aware, the London Naval Treaty of 1936 provided for a reduction in the future caliber of guns on battleships from 16 inches to 14 inches, conditional upon acceptance by April 1, 1937, of this provision of the treaty by all of the powers parties to the Washington Naval Treaty of 1922. The Government of the United States has ratified the 1936 treaty, but the limitation to the 14-inch caliber of guns for battleships has not become effective, because the condition of a general agreement to that limitation before April 1, 1937, was not effected.

It now becomes necessary for this Government to decide what caliber of guns shall be mounted on the two new battleships for which appropriations have been made and on which construction has begun and also to determine what the caliber of guns shall be on additional battleships for the construction of which the President may soon ask Congress to appropriate the necessary funds.

The American Government, being sincerely committed to the principle of reduction of armament, has been and is quite willing to accept a limitation in caliber of guns to 14 inches, provided that the other principal Naval Powers are willing to agree to adopt and adhere to a similar limitation.

While the President would deplore the necessity of having to increase to 16 inches the caliber of guns to be mounted in this country's new capital ships, he must soon make a decision, and may find it necessary to take such action, if the other principal Naval Powers are not willing to maintain a limitation of 14 inches.

The fact that one of the important points of agreement reached by the Powers who negotiated the London Naval Treaty of 1936, was

²² Sent also to the Ambassadors in France (No. 256), Italy (No. 95), and Japan (No. 75).

to adopt the 14-inch gun caliber as a maximum, subject to adoption of that limitation by the other principal Naval Powers, gives rise to a sincere hope on the part of this Government that it may be possible to achieve at least this one phase of limitation for immediate and effective application and thus to remove an element of uncertainty and suspicion which is detrimental to the best interest of all of the powers concerned.

You therefore are requested to approach the British (French), (Italian), (Japanese) Government with a view to ascertaining whether they would be willing to maintain this one phase of naval limitation.

You may further state that this Government is at the same time making this enquiry and proposal to all of the Washington Treaty naval powers; and you should say that this Government would appreciate being given a reply before the 21st of this month.

HULL

500.A15A5/884a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, June 4, 1937—9 p.m.

224. Referring our 223, June 4, 8 p.m. You may explain to the British Government that while we were aware of their position with regard to the calibre of guns of capital ships, it was deemed advisable that the inquiry with regard to this which is intended primarily for the Japanese Government should be made of each of the Washington Treaty Powers. This we are doing in view of the early necessity which the President will have of making a decision as to the calibre of guns to be mounted on battleships now under construction or to be constructed.

HULL

500.A15A5/884 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, June 7, 1937—3 p.m.
[Received June 7—4: 10 a.m.]

152. Department's 75, June 4, 8 p. m.²³ The question of gun calibers was taken up today in my initial interview with the new Foreign Minister²⁴ and an *aide-mémoire* left with him embodying all the points

²³ See footnote 22, p. 630.

²⁴ K. Hirota.

set forth by the Department. I said that my Government would appreciate receiving a reply before the 21st of this month. Hirota made no comment except that he would have to refer the matter to the Navy Ministry.

GREW

500.A15A5/885 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, June 8, 1937—9 a.m.
[Received June 8—6:45 a.m.]

747. Your 256, June 4, 8 p.m.²⁵ I discussed your telegram under reference with Delbos²⁶ this afternoon. He said that he would refer the matter at once to Blum²⁷ and the Minister of Marine and would give me a reply as soon as possible.

In the course of the conversation Delbos informed me that Kung²⁸ while in Paris had expressed a desire to purchase in France for the Chinese Government a number of warships and airplanes. Delbos said that so far as he was concerned he was pleased by the proposal and had approved it in principle. He said that the planes were to be of the latest French types. He had no exact information with regard to the warships.

I asked how payment was to be made. Delbos replied that he had submitted to the Ministry of Finance a proposal that the French Government should guarantee credits to be extended by French banks to the Chinese Government for the purchase of ships and planes.

BULLITT

500.A15A5/889 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, June 15, 1937—2 p.m.
[Received 2:15 p.m.]

793. My 764, June 11, 10 a.m.²⁹ Massigli³⁰ stated formally to us today that the reply of the French Government to the question raised in the Department's 256, June 4, 8 p. m.,²⁵ is in the affirmative, namely,

²⁵ See footnote 22, p. 630.

²⁶ Yvon Delbos, French Minister for Foreign Affairs, and delegate to the League of Nations Assembly.

²⁷ Léon Blum, President of the French Council of Ministers.

²⁸ H. H. Kung, Chinese Minister of Finance.

²⁹ Not printed.

³⁰ René Massigli, Assistant Director of Political and Commercial Affairs, French Ministry for Foreign Affairs, and deputy delegate to the League of Nations Assembly.

that the French Government is willing to accept a limitation in caliber of guns to 14 inches provided the other principal naval powers are willing to accept the same limitation. He added that in making this reply the French Government wished to call attention to its desire that not only the caliber of guns should be reduced but also that there should be a reduction in the standard displacement of capital ships and in this connection the French Government hopes that the consultation for this purpose provided for in article 28 of the London Naval Treaty of 1936 will take place.

As a practical matter, in the course of the conversation with Masigli he confirmed information given to the Naval Attaché by the Ministry of Marine to the effect that it is understood that the two Italian battleships *Littorio* and *Vittorio Veneto* now building will mount 15-inch guns and if being done there will be no other course open to the French but to mount 15-inch guns on their battleships *Jean Bart* and *Richelieu* now building.

BULLITT

500.A15A5/893 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, June 18, 1937—1 p. m.
[Received June 18—9:25 a. m.]

391. I transmitted the Department's 223 of June 4, 8 p. m., to the Foreign Office orally and this morning was read a reply in substance as follows:

"His Majesty's Government in the United Kingdom for their part fully reciprocate the views of the United States Government in this matter, and as evidence of the sincerity of their intentions, have already decided that the five capital ships included in their estimates for 1937 and 1938 should mount guns not exceeding 14-inch calibre. His Majesty's Government are prepared to abide by that limitation, unless and until other principal naval powers, by their departure therefrom, are regarded by His Majesty's Government as having rendered such a course impossible. They desire by this means to give a lead to the world and they earnestly hope that the United States Government will see their way to join with them in setting an example to other powers in regard to this particular phase of naval limitation".

I then asked as to the matter of ratifications of the London Naval Treaty by this Government and was informed that the French Government had informed the British Government they desired to ratify the treaty before the present session of the Chamber ended (presumably on the understanding that the British Government likewise intended early ratification). The Foreign Office then added that the

matter of ratification was before the Cabinet now but that even though the Soviets had not given their final agreement I might take an informal assurance that the British Government intended ratification before the adjournment of Parliament.

Craigie stated he was leaving England for Japan about the middle of August but hoped before that time Mussolini's frame of mind might be such as to bring him into the treaty.

BINGHAM

500.A15A5/891 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

ТокYO, June 18, 1937—4 p. m.

[Received June 18—9:05 a. m.]

161. Department's 75, June 4, 8 p. m.;³² Embassy's 152, June 7, 3 p. m. Following is the official English translation of the Japanese text of the *aide-mémoire* marked "confidential" dated today handed to me this afternoon by the Minister for Foreign Affairs.

"Aide-Mémoire. The Japanese Government have taken note of the proposal of the Government of the United States regarding the limitation of the calibre of guns for capital ships which was contained in the *aide-mémoire* handed on June 7 this year to the Foreign Minister by the United States Ambassador in Tokyo.

The fundamental policy that guides Japan in providing for her armament is, as has been made clear on many previous occasions, based on a consistent regard for the principle of non-menace and non-aggression. It follows, therefore, that so long as the other powers also adhere to the same principle and are content with maintaining the minimum force required for their strictly defensive needs, Japan entertains no intention at all of embarking, on her own initiative, upon the building up of a naval force which could be a menace to other countries.

While the limitation of the gun calibre for capital ships constitutes one important aspect of qualitative limitation, the Japanese Government, in elucidating at the last London Naval Conference their basic attitude concerning the means calculated to bring about just and fair state of naval disarmament, made it clear that they could not subscribe to qualitative limitation alone, if not accompanied by a simultaneous restriction in quantity. The Japanese Government still hold the same conviction as regards the matter of qualitative limitation. Stated briefly, it is their belief that a mere limitation in quality alone will only induce a tendency to make up for the deficiency caused through such limitation, by resorting to quantitative augmentation, thus ultimately leading to a competition in naval armament in quantity. The Japanese Government, therefore, are not, at this juncture, in a position to adopt, apart from quantitative restrictions, a mere limitation of the gun calibre for capital ships, a matter which properly

³² See footnote 22, p. 630.

belongs to the most important phase of qualitative limitation and hope that the United States Government will understand the above mentioned position of the Japanese Government.

It may be added for the information of the United States Government that this position of the Japanese Government as regards qualitative limitation was communicated towards the end of March to the British Government, when the Japanese Government responded to the British proposal of January this year regarding the limitation to 14 inches of the maximum calibre of guns for capital ships.

June 18, 1937."

GREW

500.A15A5/892 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, June 18, 1937—5 p. m.
[Received June 18—7:23 a. m.]

162. Embassy's 161, June 18, 4 p. m. In handing to me today the Japanese *aide-mémoire* concerning naval gun calibres, the Minister for Foreign Affairs said that this was not a matter concerning only the United States and Japan but that it concerned the world. He therefore wished to observe that Japan's inability to return a favorable answer was no indication of any lack of friendliness on the part of Japan for the United States. He hopes that as time goes by and the general international atmosphere is improved some favorable solution of the naval problem will come "from somewhere".

GREW

500.A15A5/894 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, June 19, 1937—9 a.m.
[Received June 19—6:30 a.m.]

286. Department's telegram 95, June 4.³³ In reply to representations based on Department's above mentioned telegram Italian Ministry of Foreign Affairs states as follows:

The Royal Ministry of Foreign Affairs has the honor to point out in this connection that following a request addressed it by the Ambassador of his Britannic Majesty in Rome on December 24, 1936, on the basis of the provisions of article 4 of the London Treaty of March 25, 1936, inquiring whether the Royal Government were disposed to pledge itself not to mount in future on Italian battleships guns of a calibre of more than 14 inches, His Excellency the Minister for Foreign Affairs replied on January 12th last in a communication stating

³³ See footnote 22, p. 630.

that for our part we were ready to give assurance that in so far as we were concerned we would not in future mount on our battleships guns of more than 356 mm calibre provided all the leading naval powers accepted that maximum limitation.

The Royal Ministry of Foreign Affairs now has the honor to inform the Embassy of the United States of America that the Fascist Government even after the expiration of the date of April 1, 1937 contemplated in article 4 of the Naval Treaty of London is ready to pledge itself to limit maximum gun calibre on its future battleships to 14 inches on condition that that limitation is accepted by the other leading naval powers.

PHILLIPS

500.A15A5/897 : Telegram

*The Ambassador in the United Kingdom (Bingham) to the
Secretary of State*

LONDON, July 9, 1937—8 p.m.
[Received July 9—2:45 p.m.]

458. Informal note from the Foreign Office received this morning referred to its communication quoted in my 391, June 18, 1 p. m., and stated:

“As my Government must soon come to a decision as to the design of our capital ships for the 1938 programme, they would particularly appreciate any information which the Government of the United States can give them confidentially as to the calibre of the gun which will be mounted on the two new American capital ships, if a decision has now been reached in this matter”.

BINGHAM

500.A15A5/897 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, July 10, 1937—4 p.m.

288. Your 458, July 9, 8 p.m. The President is giving to the press today the following statement with regard to the caliber of guns on capital ships, which you may communicate to the British:

“On April 1, 1937, in view of the fact that all the Parties to the Treaty for the Limitation of Naval Armament of February 6, 1922, had not accepted 14 in. as the limit of the caliber of guns on capital ships, under the London Naval Treaty, 1936, 16 in. automatically became the limit of the caliber of guns to be mounted on capital ships.

“However, this Government, not wishing to leave a stone unturned in its effort to maintain the limit of the caliber of guns on capital ships at the lower level, about June 1, on its own initiative sounded out the Governments Parties to the Washington Naval Treaty to ascertain whether they would be willing to maintain the limit of the caliber of guns on capital ships at 14 in. At the same time, this Government in line with its policy consistently followed of favoring the principle of a reduction of armaments, expressed its entire willingness faithfully to maintain the lower level.

“The Governments thus approached have now replied. Unfortunately, it is established that there is not a universal acceptance by the Washington Naval Powers of the limit of gun caliber at 14 in.

“With the greatest reluctance, therefore, this Government has been obliged to conclude that all other Governments have given no assurance of the maintenance of the 14-in. gun level. As a consequence, therefore, guns of a caliber of 16 in. will be mounted on the two new battleships for which appropriation has been made and on which construction has begun.”

HULL

SUGGESTIONS FOR CONVENING INTERNATIONAL CONFERENCES ON ECONOMIC COOPERATION AND ARMS LIMITATION VIEWED UNFAVORABLY BY THE DEPARTMENT OF STATE UNTIL CERTAIN PRELIMINARY CONDITIONS SHOULD BE MET

740.00/117½

*The Ambassador in Germany (Dodd) to President Roosevelt*¹

BERLIN, February 27, 1937.

DEAR MR. PRESIDENT: Before you receive this, you will have seen a telegram or two which we shall have sent. This letter is designed to explain things a little further in case you have time to read anything.

Hitler is in a difficult position. His people are afraid of war, but not so much as the English and French. He is trying curious means to unite everybody. Universities and schools are all reorganized with no opponents allowed anywhere, hundreds of professors dismissed or pensioned when too eminent. The Protestants and Catholics must all allow their children from their sixth year to be taken in hand by Party propagandists. Some preachers resist and are imprisoned; others, who are very eminent, continue opposition, but their supporters are declining in numbers. Several eminent Party leaders go about the country proclaiming the Fuehrer as a modern Jesus, reorganizing all churches on "true German" principles. Mussolini is of course the modern Julius Caesar, annexing Spain.

Just how real is the alliance between "Jesus" and "Caesar" one cannot say, the purposes of both conflicting. Certainly there are some doubts. Although many eminent Germans hope and pray for a royalist restoration, about all Germans think annexation or absolute control of the Balkan states is their right. Hitler curiously promises Holland, Belgium and Switzerland complete independence, yet authorizes maps in universities, and for sale everywhere, which show these countries as parts of Germany. At the same time the propaganda in these little countries, as also in Norway, Sweden, Poland, Czechoslovakia and Rumania, secret and public, contradicts the idea of real independence of any country where there are any considerable numbers of people of German descent. Millions of dollars are

¹ Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

spent each year in this direction, and Boehle, chief of Foreign Propaganda organization, is now the most important official in the Foreign Office after von Neurath.² There are secret agents of Boehle in all the German diplomatic offices. What this means one can readily see.

Dr. Schacht³ said to me a few days ago at a table where high Nazi officials sat: "Mussolini is annexing Spain and later annexing Egypt—he is our Julius Caesar." I raised some questions as to the dangers. He insisted that he was right. I raised the point a few days later when von Neurath was in Vienna, and the opinion there was not quite in agreement. However, the Foreign Office has several times asserted that Germany would not protest against Italian annexation of Egypt. On this occasion the Foreign Office again asserted Germany's right to control the "Danube" zone, and hoped von Neurath could unite Austria, Hungary, Germany and Italy—a slight fear that Mussolini might not keep his promises to Germany, he being a masterful Machiavelli. When I talked about better commercial relations with the United States, the Staatssekretär said he favored proper trade and treaty arrangements. I asked why we had received no reply to the State Department's invitation to send delegates to the proposed April conference in Washington.⁴ The reply was that the Economics and Labor ministries objected—i. e., Nazi officials.

When one, therefore, wonders about the possibility of a real peace conference in Washington or elsewhere, the answer is: Will Germany or Italy confer seriously with any other peoples when their major aims are to dominate Europe and do it by frightening the populations of democratic countries? Several times since I have been here the peoples of England and France, especially those of smaller nations, have been frightened so that they yielded, events in Ethiopia and Spain being best examples. At the same time, great business companies of all democratic countries have supported the German-Italian demands by increasing sales of arms and war supplies, ours quite as much as others. Even small countries, like Rumania, have risked their own fates by selling war materials.

So, how can a peace conference succeed? Only through a real economic-finance cooperation between England, France and the United States. Can this be done? You know how much opposition English and French businessmen made to the Buenos Aires proposals⁵—

² Constantin von Neurath, German Minister for Foreign Affairs.

³ Hjalmar Schacht, German Minister of Economic Affairs, and President of the Reichsbank.

⁴ Tripartite technical conference on the textile industry held in Washington, April 2-17, 1937; see pp. 975 ff.

⁵ Presumably final act of the Buenos Aires Peace Conference entitled "Organization of an Inter-American Institute of Economics and Finance"; see *Report of the Delegation of the United States of America to the Inter-American Conference for the Maintenance of Peace*, Buenos Aires, Argentina, December 1-23, 1936 (Washington, Government Printing Office, 1937), p. 239; see also *Foreign Relations*, 1936, vol. v, pp. 3 ff.

almost as much as Italy and Germany made through secret propaganda before and while you were in Latin America. In case Spain is actually annexed by Mussolini and then Germany proceeds to make moves into the eastern zone (same as the 1900-1914 policy of army officials here), England and France might be frightened enough to join the United States in real peace agreements. But one can never know what the DuPonts and the steel people cooperating in Europe with I. G. Farben and other corporations would do under cover, as they did more than once at Geneva peace conferences.

You are in the most important position in the world, with amazing economic duties at home. Yet real success at home can not be attained if a world war breaks or if the mainland of Europe becomes a solid dictatorship. You know the possibilities. I have simply tried to appraise things on this side of the Atlantic. I shall once more talk with high officials here, as indicated above, about Germany participating in a peace conference, and wire you the answers I get. All the really informed internationalists hope and pray for your success.

Sincerely yours,

WILLIAM E. DODD

P. S. Have been told more than once that all this is reported to the Government here before or soon after it reaches you. WED

500.A19/58 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, March 4, 1937—4 p.m.
[Received March 4—1:25 p.m.]

38. For the President. I have had conferences today with von Neurath and Schacht. What I wrote you on February 27 seems even more true than when I wrote it.

The Foreign Minister said that no peace conference can accomplish anything. The greater nations would not agree to gradual disarmament, the chief reason being that great arms and airplane makers would control their governments as they had done since 1920. He added "We would agree to limitation of armaments if the others would" but within a minute's time he said "We will never allow the present Government in Spain to rule that country" so that contradicts the previous sentence. In view of the facts studied carefully here in a new English book on Spain, the Germans and Italians will continue their vast expenditures and armed assistance till Spain is taken under their control. Von Neurath did say that the German people were anxious and opposed to war as were ours. He blamed English armaments policy, as if it were not a result of German performances.

Schacht said substantially the same on all points, actually acknowledging German efforts against the United States in Latin America. He denied personal responsibility for what business agents had done when I quoted some of their references to him. He did show more anxiety about the enormous war expense here and the danger of war which he said Mussolini was actually threatening. He denied Mussolini's plan to annex Spain but acknowledged the demand to control that country.

Then he turned once more to his supreme effort to persuade the Chancellor to agree to a peace conference, agree to limitations and then to better international commercial relations. He added "I agree entirely with you and your country as to freer trade relations. That is the basic way to avoid another war. In case your Government wishes it I would be glad to go to Washington and do my utmost to persuade our two countries to come to some commercial agreements which would tend to guarantee peace". He repeatedly stressed his wish to do this and actually hopes the Chancellor will cooperate. He added that great arms people would do the same way they had done for twenty years to defeat abandonment of warfare and said that the governments would have to control those concerns if we were to have peace.

DODD

500.A19/61

Memorandum by the Secretary of State

WASHINGTON, March 5, 1937.

The Canadian Prime Minister, Mr. Mackenzie King, who is visiting the White House upon invitation of the President, came to the State Department and spent an hour in my office. After an exchange of the usual civilities, I inquired as to what he thought of present trends in world affairs and the underlying forces most influencing them. He promptly replied that he was very discouraged about the outlook in Europe; that conditions were continuing very confused and improving but little, if any, in numerous ways while they were becoming worse in other ways. He made some reference to Germany, and I thereupon handed him, to read in confidence, a most interesting cable of March 4, No. 38, 4 p. m., from our Ambassador in Berlin. He read it with keen interest and pronounced it absolutely amazing. I then took this as a basis for my further remarks, which I am sorry to say were continued without interruption by the Prime Minister, except to frequently nod his assent and often to express his entire agreement. I remarked that I had sought conferences with numerous

important people from countries in Europe with the view to exchanging ideas and information with them touching present trends, especially in the western world affairs; that these included numerous persons of unusual ability and a few statesmen such as Lord Lothian,⁶ Mr. Walter Runciman⁷ and others. I said that I might illustrate the nature of these conversations by my talk⁸ with Mr. Runciman; that Mr. Runciman had first answered my inquiry about conditions abroad by remarking that they, the British, were waiting to see what Germany was going to do, and I had replied that apparently different groups were waiting to see what each was going to do, with the result that no movements or progress along peaceful lines were now being even undertaken, but that instead most nations were arming to the teeth, ostensibly for self-defense. I said, "I realize fully the vastly more complicated and difficult problems and conditions facing the nations of Europe than any that immediately face the nations of the Western Hemisphere; but I might give some illustration of what I have in mind by citing recent developments in this Hemisphere." I then said that until three years ago the twenty nations to the south of us were not speaking to us except as a matter of strained courtesy, and that if we had sat still as some of our good friends were now doing in the different countries of Europe, waiting to see what each other might say or do in the future, we on this continent would not be on speaking terms today. I went on to say that we had proceeded resolutely to prepare a broad and basic program, which contemplated the restoration of numerous, vitally important and indispensable international relationships, which had hitherto been abandoned or neglected or repudiated and so had become quiescent or dormant; that again we did not stop or sit still, but proceeded with all the energy possible to preach, day and night so to speak, from here to Cape Horn the doctrines and policies embodied in this program, to practice them as rapidly as possible and to urge other countries to practice them; that, as a result, when the delegates from these twenty-one nations recently met in Buenos Aires⁹ there was revealed a state of absolute confidence in each other, a spirit of genuine friendliness, and a whole-hearted disposition for teamwork and cooperation to proclaim the policies and proposals in the program and to carry them into effect; that the program embraced more than a half-dozen basic, indispensable, international relationships. I remarked that the structure of international law had been undermined and much of this law flouted in many parts of the world. This, I said, the Buenos Aires Con-

⁶ Philip Henry Kerr, British diplomat.

⁷ President, British Board of Trade.

⁸ See vol. II, pp. 1 ff.

⁹ See *Foreign Relations*, 1936, vol. V, pp. 3 ff.

ference preached anew—the whole spirit that underlies the law of nations and the great necessity for nations everywhere to cooperate to reestablish international law in all of its vigor; that at the Conference the principle of non-intervention was proclaimed to the world, along with the doctrine of sovereignty, equality and territorial integrity for all nations, small as well as large, and called for international cooperation for the maintenance everywhere of this great principle; that the Conference preached the spirit that underlies all moral concepts and urged the restoration of international morals as the only foundation for ordered and orderly relations between nations; the necessity for the development of a disposition and a will to reassert and scrupulously to observe the sanctity of international understandings and agreements was reasserted and proclaimed both to the nations of this continent and those of the world and their cooperation earnestly urged; the adoption by all important countries of liberalized commercial policy and a suitable program for economic rehabilitation was made the subject of speeches, declarations and resolutions of the convention; and that this major objective and the program for its pursuit was strongly put forward as the central point in any sound and adequate program for political, economic, social and moral recovery; further cooperation to extend exchange stability was considered a part of any suitable program for normal economic restoration; and, finally, the Conference devised and set forth elaborate and practical programs and concrete machinery both for the promotion and preservation of peace; that these were the chief definite and substantive and all-important provisions of a basic program of restoration and recovery.

I then said that if some important country in Europe would proclaim this program—Great Britain for instance—the Scandinavian countries would at once get behind it, as would the countries from Switzerland to Holland, some of the Balkan countries, possibly Poland, and certainly the twenty-two American nations on this Hemisphere, with the result that more than 30 nations would be marching across the Western world proclaiming a broad, concrete and basic program for the restoration of international order, the promotion and preservation of peace, and the economic well-being of peoples everywhere; that the entire moral influence and the tremendous economic influence of all these nations, thus insisting upon a peaceful course of settlement and readjustment and rehabilitation, would be exerted upon any country not disposed to join in support of such program; that such country could no longer question the good faith of any of the nations pursuing this peaceful program nor their evident desire to establish fair and friendly relations in every essential respect, with the result that all of the important nations would, in all probability, join in

such broad and wholesome movement; that if for the time-being some should refuse to do so, the more than 30 nations formulating and supporting such program as I had described, would in any event have been doing the wisest and most profitable thing for themselves and for the world. I said, "If Great Britain tomorrow should proclaim her support and her leadership, as she could, it would literally thrill the world and especially the peace forces and the forces of law and order and morals and religion everywhere." I then said that it did seem clear to me that the present picture in Europe—in which each country was simply arming on a huge scale professedly for self-defense, with no serious talk or movement in the direction of peace or the restoration of normal international relationships—omitted two angles in appraising future developments; that one of these was the inevitability of an economic collapse within another two years in the light of the wholly unsound economic structure, which was made more unsound by the immense program of armaments and military expenditures; that if each nation continued to sit behind its own economic breastworks and fortified on a huge scale for self-defense militarily, such an economic cave-in would most seriously dislocate all domestic economic structures, just as the panic of 1929 wrought havoc from country to country until it spread throughout the world; and that the second angle was the manifest and patent fact that if all nations simply arm and sit back awaiting future developments in international affairs, with the channels of international trade almost dried up relatively speaking, and with no opportunity for many nations to procure their actual necessities, as in the case of Germany, this country of 70 million people would some day become sufficiently hungry and sufficiently without clothing as to create a state of desperation, with the result that from one to two million Germans, well trained and fairly well armed, would start on the march, probably to the south. I said, "Then what would Great Britain and other countries who had been sitting back arming, merely for self-defense, do about such a dangerous development with its inevitable possibilities of ever-increasing danger?" I said that some of our British friends back yonder in discussing economic programs had remarked that they preferred first to see what Italy was going to do; that they had discovered what she was going to do, and then they proceeded to prepare a great program of armaments, which was being steadily enlarged in Great Britain to this day. I added that some of my British friends now said that they were waiting to see what the Germans were going to do. I said that the time had passed, in my judgment, when nations could look out over the field of difficulties and problems ahead and single out, from time to time, some one of them and treat it as a separate, detached, unrelated phase of present difficulties which had

to be solved, and make any progress in dealing with such single problems; that they had become so interrelated, and international conduct and practices and conditions had become so abnormal and chaotic, that it would be necessary for the important nations first to make up their minds that they must cooperate with each other in support of a comprehensive and basic program containing most of the essential tasks and difficulties to be dealt with to the extent that the nations could consistently cooperate in their solution, while the political phases would naturally be dealt with regionally or by the countries of Europe collaborating and conferring among themselves; that when the nations visualize the utter hopelessness and the disastrous possibilities inevitably ahead if they continue to pursue their present policy of narrow, discriminating and trouble-making methods of trade, accompanied by increasing races in vast armaments, and by a policy of the worst brand of militarism, and determine definitely, deliberately and irrevocably to pursue such a program of peaceful restoration and rehabilitation as I had described, then they could be counted upon to have faith in each other, to develop wholehearted friendliness towards each other, and to collaborate and cooperate to the extent consistent with each other's domestic policies in the great movement and program for the restoration of economic well-being and of peace. I elaborated somewhat on these views, and then said to the Prime Minister that I and most of those with whom I had counselled and collaborated and worked were primarily and paramountly concerned with the great major undertaking as embodied in the program already outlined; that it was indispensable for the preservation and promotion of peace and the avoidance of war, or at least an economic cataclysm; and that economic rehabilitation, as stated, would have to be the central point in such program. I then reemphasized that the first essential and practical step was a broad and basic program, as already indicated; that the entire spirit underlying each substantive provision in such program must be revived; and that all the nations interested must gradually develop a disposition and a will to collaborate and cooperate in the definite and unwavering support of the program. I said that so long as neither individual nor concerted effort in such a general undertaking was either attempted or seriously in the mind of countries, in Europe for example, it was inevitable that the nations of Europe each month would hear more distinctly the roar of the military Niagara, in which direction they were steadily moving; but that when nations once made up their minds to form and pursue a broad and basic program, each would find numerous ways to solve, or aid in solving, what today appeared to be difficult, if not insoluble, problems; that the broad course I had indicated was the only alternative to the present helpless and hopeless drift of uncontrolled conditions in Europe.

I again emphasized the view of my Government that now there was not a moment of time to lose, that it might even be too late from the standpoint of military or economic catastrophes; that it was all-important, therefore, that a great concerted movement behind such a fundamental program as I had described should be immediately launched. I stated that it was impossible to visualize the profound impression and the tremendous awakening of the forces of peace and of ordered and orderly relationships among nations, which a great procession of more than 30 civilized nations across the western world would create, by proclaiming the sound, wholesome and basic program for all phases of restoration, revitalization and rehabilitation of the international life of the world, such as had been defined.

I then said to the Prime Minister that some days ago Canadian Minister Marler had inquired of me whether I had anything to say about Empire preference, in connection with a program of liberalized commercial policy for the purpose of restoring the normal processes and volume of international commerce and finance; that I had replied that the single, great major objective of economic peace—moral, social and political restoration and rehabilitation under a system of planning and of support such as I had just described—was the all-absorbing matter and the matter of supreme consideration. I went on to say that if and when a nation or group of nations should make up its or their minds to join in carrying forward this broad program, they could be absolutely depended upon to so adjust their individual economic policies as to conform to the fundamental principles of economic liberalism which lie at the base of sound and normal international economic relations and of their achievement; that nations supporting the broad objective would, on their own initiative, proceed to set their own economic houses in order and make their policies conform to the general policy of reducing or removing excessive restrictions and obstructions to the reasonable flow of international commerce and finance; and that they would, if I might say so, proceed as did this Government when it launched the broad reciprocity program and on its own initiative immediately attacked and proceeded to lower the unreasonably high rates of the Smoot-Hawley tariff structure. I said further that if trade obstructions, whether in the Smoot-Hawley tariff¹⁰ or in Empire preference, were unreasonably high and had the effect abnormally and excessively and arbitrarily to divert commerce, from its usual and natural channels, to entirely artificial channels, I had faith that the nations concerned could be absolutely depended upon to deal with such excessive restrictions and restraints as a part and parcel of their plans and activities in support of the program for world economic rehabilitation; and that compared with the vast

¹⁰ Approved June 17, 1930; 46 Stat. 590.

increase in trade among nations generally that would thus follow, the effects of individual trade agreements, in my judgment, were of a wholly minor and almost insignificant nature. I continued that if nations were to forget the big economic objective and to lapse back to the low level of nothing but bilateral jockeying, bartering and bargaining for microscopic trade advantages, with no concern about the international economic situation—a course being pursued today by most countries in Europe—then there was nothing ahead except a repetition of something approaching the economic collapse of 1929, as already indicated by me; and that in the light of these patent considerations I was making my appeal to statesmen in the capitals of every civilized country that they embrace this broader viewpoint.

I then remarked that I had said to my friend Mr. Runciman that while in South America I sought to organize some of the nations behind Great Britain's leadership for the betterment of the economic situation, but that in each instance I was informed that they did not know which way Great Britain was moving. I stated that I had then added to Mr. Runciman, that, to be entirely candid, I myself was convinced on viewing the entire series of British acts and utterances that his Government was actually moving backward further towards the extremes of economic nationalism, instead of forward towards economic recovery; that I agreed that so long as her great housing program and her great program of military armaments were being carried out, Great Britain would feel no serious economic pains, except from the possible effects of high inflationary prices; but that this economic condition would be short-lived, and that from the long-view standpoint this present policy would be equivalent to sowing the winds and later reaping the economic whirlwinds. I said that the exports of Great Britain to the world outside the Empire from 1934 to 1936 had increased scarcely 50 million dollars, and that for the British Empire to shut itself up economically, by extreme or embargo restrictions, the effect inevitably would be to reduce the sum total of world trade and correspondingly to obstruct its progress and expansion through the efforts of the other nations of the world. The Prime Minister interjected from time to time that Canada supported the viewpoint I was expressing and illustrating.

When I reached this stage and before I had quite concluded, notice was sent in that the Prime Minister was due at the White House. He thereupon arose, expressed his genuine interest in the views I had outlined, and requested me to send him copies of my recent speeches at Buenos Aires and here, in order that he might examine them while he was taking some relaxation in this country. He finally said that he expected to go to London soon and that he might be of some aid in advancing this broad program while there. I very earnestly expressed my appreciation and added that in my unqualified opinion he had the

opportunity of ten lifetimes to render service on a vast scale and of a most historic character.

C[ORDELL] H[ULL]

500.A19/70

Memorandum by the Secretary of State

[WASHINGTON,] March 18, 1937.

The French Ambassador came in at his own request and promptly remarked that his Government would be pleased to be informed of such plans and purposes as this Government might have in mind to propose in connection with a peaceful settlement and readjustment of the chief international problems and conditions which urgently call for attention and solution. I replied that if and when President Roosevelt or this Government had in mind any definite possibilities in connection with what the Ambassador had just said, the first thing this Government would do would be to collaborate fully and elaborately in a preliminary way with the French, the British, and any other outstanding governments who think along the same fundamental lines; that this government, as I knew was the case with governments like the French and the British, was keenly aware of the numerous problems of an international character which in many respects were now growing more acute and dangerous; that at present my government was closely observing political, economic, and social developments, with the view to keeping informed up to the minute or as nearly so as possible as to their exact nature and any increasing possibilities of danger embodied in them; that as to how and when any definite, concrete steps, by nations acting in concert, would be taken to grapple with any one or more of the existing complicated conditions and questions, some of which as I had stated were becoming increasingly dangerous, was not a matter about which I would undertake to speak to the Ambassador with any definiteness whatever; that if the President should have in mind the possibility of offering a suggestion twelve months hence, or one month hence, or one week hence, it would not be within either my knowledge or my function—certainly not in the present situation—to intimate in the least as to his future purposes or plans in these respects; that in brief, I was trying to make clear that I knew nothing about any definite, future plans in this regard on the part of the President or this Government more than what I described at the outset of our conversation.

The Ambassador then said that the Prime Minister in his last conversation with him had requested him to bring up this phase with this Government and that he did not have a chance to do so on the occasion of his other call here at the Department.

I then casually referred to the collection of international relationships which were proclaimed at the Buenos Aires Conference¹¹ and their indispensable nature in any program for world rehabilitation, and I expressed the hope that more and more nations abroad would join in the work of preaching and keeping alive these seven or eight basic international relationships which were in eclipse at this time.

I congratulated the Ambassador on the success of the French loan during the past few days. He spoke with confidence about the financial outlook. He also stated repeatedly during the conversation that his Government was in entire harmony with all that I undertook to say during this conversation, and would watch opportunities to cooperate. The Ambassador appeared to be in entire good humor. He agreed that the disarmament situation was presenting a serious and dangerous economic problem.

C[ORDELL] H[ULL]

500.A19/83

Memorandum by the Secretary of State

[WASHINGTON,] April 2, 1937.

The Minister of Denmark came in to inquire about an item in the *New York Times* this morning to the effect that it was rumored that this Government might seek a peace convocation to be held at Copenhagen. I assured the Minister that that question was not under discussion or consideration at all at present, and that neither Copenhagen nor any other capital had been referred to in that connection and hence there was no basis whatever for the newspaper item.

C[ORDELL] H[ULL]

740.00/136 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, April 3, 1937—2 p. m.

[Received April 3—1 p. m.]

61. Today's issue of the DDPK¹² discussing the Secretary's denial of American initiative in calling an international peace conference states as follows:

"It is understandable that after all sorts of experiences in the past America has the wish not to interfere in European matters nor to permit itself to be dragged into the regulation of European conditions from a certain interested quarter no matter on what premise or pretexts. The success achieved by the efforts of the American countries

¹¹ See *Foreign Relations*, 1936, vol. v, pp. 3 ff.

¹² *Deutsche Diplomatisch-Politische Korrespondenz*.

towards pacification of their continent was certainly sincerely welcomed by all outsiders as well, recognized as an achievement and felt to be worth imitating. However, the differences must not be overlooked which are exhibited by conditions in Europe as regards the premises and possibilities for carrying out such efforts as compared with the new world. For it is no question that alone the historical and ethnological conditions of Europe constitute an entirely different situation as compared with conditions particularly in South America which were primarily involved at Buenos Aires.

Moreover, it cannot be denied that everywhere in Europe efforts are present to arrive sincerely and actively at the goal of total European pacification.

Although the ways are different and just recently the method of direct mutual adjustment is gaining ground over the collective methods born of the Geneva spirit that is in no case an indication of a difference of spirit but only of the special nature of the multifarious problems to be solved.

Finally, moreover, the "collective method" of America shows considerable differences of nature as compared with the compulsory collective method largely desired in Geneva.

Independent of the differences of the problems and the necessarily different manner of their solution it seems to be the essential thing that the spirit in which everywhere in the world the process of clarification and conciliation is being carried out is the same. The responsibility for success must logically be taken by those involved. But this will not prevent that, in view of the many connections, interest will exist here as well as there in the success of such efforts and that at the proper moment the sense of community will point the way to increased cooperation across the continents. On this point the same view surely obtains in Europe as in America."

Copies by mail to London, Paris, Geneva, Rome.

DODD

550.AA1/23 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, April 19, 1937—6 p. m.
[Received April 19—1:45 p. m.]

75. Mr. George Lansbury, member of Parliament and former British labor leader, had a two and a quarter hour conversation with Hitler this morning. Lansbury represented himself as being a [delegate of] the Fellowship of Reconciliation and submitted a memorandum to Hitler covering Italy's "peace points".

According to an American newspaper correspondent Lansbury gave out the following statement as agreed to and authorized by Hitler.

“Germany will be very willing to attend a conference and take part in a united effort to establish economic cooperation and mutual understanding between the nations of the world if President Roosevelt or the head of another great country will take the lead in calling such a conference”.

We will cable again after local comment and consideration may have clarified the matter further.

DODD

550.AA1/25 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, April 20, 1937—11 a. m.

[Received April 20—8:45 a. m.]

76. Our 75, April 19, 6 p. m. Local press describes Lansbury conversation variously, several newspapers limiting themselves to brief statement of deal with Hitler, others adding that Lansbury submitted proposals for a new world conference to prevent war and for universal cooperation and that “as many times before the Chancellor emphasized in this conversation that Germany would not exclude itself from any promising international cooperation.”

Our informant mentioned in our telegram under reference and the other foreign correspondents I gather are somewhat mystified by the fact that the entire Lansbury statement was not given to the local press and that neither the Foreign Office Press Division nor the Economics Ministry apparently had any information on the subject. I am reliably informed that the visit was arranged by Ribbentrop¹³ in London whose associates here took charge of Lansbury during his stay. My American correspondent informant is inclined to believe that this accounts for the present confusion being personally convinced that Lansbury from whom he got the statement directly was accurately reporting Hitler.

The semi-official DNB¹⁴ who are responsible for the various versions in the local press described above apparently started out with a brief statement of the fact of Lansbury's conversation with Hitler, then developed the story further as I have mentioned and indicated to some correspondents the responsibility that the full details as reported to you in our 75 would come out today through the DNB London correspondent. According to another version local distribution is being overshadowed temporarily by celebrations of Hitler's birthday.

Repeated by telegram to London, Paris, Rome.

DODD

¹³ Joachim von Ribbentrop, German Ambassador to the United Kingdom.

¹⁴ Deutsches Nachrichtenbüro.

550.AA1/24

Memorandum by the Economic Adviser (Feis) to the Secretary of State

[WASHINGTON,] April 20, 1937.

MR. SECRETARY: Apropos of this story,¹⁵ I think it quite likely that James is right in viewing Van Zeeland's visit¹⁶ (or rather the method of announcing that visit) as indicating that there have been discussions between Van Zeeland and European countries at which the view was again expressed that if the American Government could be brought to take the lead in convoking an international economic conference now, it would find itself taking responsibilities in the European situation. This danger is only one of the reasons why it would be unwise for us to take the responsibility of convoking, or even urging an international conference.

Another reason is that I judge it to be quite impossible to work out a program which could form a basis for possible international conference action. We failed to do so in 1933.¹⁷ While during the intervening years some considerable progress has been made in correcting underlying economic conditions, and agreement is now more possible on some economic and monetary subjects between pairs of countries or groups of countries, on the other hand, the task of any conference would be greater than in 1933 because of the greater political complications of the present day. In any conference at which major economic, financial and monetary rearrangements were considered, I believe it inevitable that questions of political relationship would immediately present themselves and probably also questions of armament.

We can and must continue the advocacy of a program of international economic cooperation. We can conduct bilateral negotiations for commercial treaties to which we are a party. We can urge other countries likewise to sign agreements lessening trade restrictions. We can strive to bring about a lessening of preferences, discriminations and exchange controls. We can remain a party to agreements which have monetary stabilization and cooperation as their objective, and strive to widen the range of these agreements. All these things we can and should do. But I believe this whole effort would only be confused and set back now if the attempt was made to deal with these matters at a large formal international conference.

¹⁵ Article entitled "The Voyage of Van Zeeland", by Edwin L. James, in the *New York Times*, April 18, 1937.

¹⁶ Paul van Zeeland, Belgian Prime Minister; see pp. 671 ff.

¹⁷ Refers presumably to the Economic and Monetary Conference at London, June 12-July 27, 1933; see *Foreign Relations*, 1933, vol. 1, pp. 452 ff.

It may well be that by the use of all the methods recited above the countries of Europe can, in a succession of numerous steps, gradually so lessen both economic and political tensions among themselves that the time will come when a program for a conference can be formulated with hopes of success; that time has not yet arrived.

One of our great aims in the advancement of our economic program is that by the adjustment of economic relations we will improve the atmosphere for political adjustments, gradually induce countries to forego political policies which frustrate economic cooperation, and bring about an agreement on armament limitation. The carrying forward of this conceptual task in practice requires the greatest study of each successive step, because it may be that some particular step at some particular time might actually merely stimulate armament rivalry by furnishing the means for competitive armament effort, rather than have the contrary result. I find it very difficult to appraise the real meaning of Mr. Schacht regarding the German wish to modify their policy towards economic cooperation (and Hitler's reported interview with Lansbury). It conceivably might mean that Germany would be willing to enter into arrangements whereby along with a lowering of trade restrictions there was an armament agreement. If that should be the case, and Germany should have any disposition in that direction, I do not know whether Great Britain at the present time would be willing to suspend or limit its armaments program. Or, and this is more likely, these German gestures may be merely a move made with the hope of facilitating the course of German rearmament, and Germany would have no interest in an accompanying armaments accord. Whatever the fact and purpose may be, I certainly think that it is best to permit the European Governments, by direct conversations between themselves, and possibly through Van Zeeland, to sound out each others purposes and intentions rather than to have the American Government make any leading move at this moment, such as convoking a conference.

We can, of course, proceed with all vigor to urge upon all European Governments that they reach agreements between themselves on this whole field of economic, monetary and political relations on broad principles of the type which we have been advocating.

H[ERBERT] F[EIS]

550.AA1/26 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, April 21, 1937—11 a. m.
[Received April 21—9:15 a. m.]

505. The French press greeted Hitler's assurance to Lansbury that Germany was ready to participate in a world conference in a spirit

of suspicion. The majority of yesterday's commentators expressed the opinion that Hitler's gesture was motivated by a desire to influence the British Left opinion opposed to Great Britain's rearmament program on the eve of the presentation of the British budget.

A few papers, however, view the report more objectively and consider that if faith can be placed in the German Chancellor's sincerity, his gesture marks a new factor in the international situation which should not be discouraged.

Thus *Le Temps* probably in this case reflecting official opinion considers that the German gesture is a feeler but that nevertheless there definitely exists in the world today a tendency toward the establishment of a general settlement for a return to normalcy. This paper considers that apart from any distrust engendered by the sorry record of past failures, the impression unmistakably exists that a new idea is afoot which needs encouragement. Reference is made in this connection to Delbos' ¹⁸ speech at Carcassonne in which he stated that France will be willing to share a one hundred to one chance in supporting any movement for peace. This paper concludes that it must not be overlooked that this offers a chance, perhaps a last chance, for the definite consolidation of peace by means of economic disarmament. Paris *Petit Parisian* considers that Hitler has paid a striking compliment to the exceptional authority of the American President but that Mr. Roosevelt would have probably liked it better had the announcement been made through some other mouthpiece than Mr. Lansbury.

D'Ormesson in *Figaro* commenting on German gesture considers that Mr. Roosevelt was far too clever to call a hasty meeting of this nature. Furthermore, this paper and others recall the fact that Monsieur Van Zeeland has been asked to explore the possibilities of trade revival and that this work should proceed slowly and methodically and should not be rushed. Tabouis, on the other hand, in the columns of the *Oeuvre* sees a desperate present necessity in the German gesture which she compares to the appeal made by Germany in 1918 to President Wilson.¹⁹

BULLITT

550.AA1/31

Memorandum by the Chief of the Division of Western European Affairs (Dunn) to the Secretary of State

[WASHINGTON,] April 22, 1937.

MR. SECRETARY: Referring to Dr. Feis' memorandum of April 20, I entirely agree with his views toward this Government's taking the initiative in calling a general international economic conference.

¹⁸ Yvon Delbos, French Minister for Foreign Affairs.

¹⁹ *Foreign Relations*, 1918, supp. 1, vol. 1, p. 338.

Of course it is inconceivable that any genuine settlement could be arrived at with regard to economic matters in Europe unless there were a previous political understanding between the important European nations.

I would like to add to Dr. Feis' memorandum my own view that any international conference called at this time might easily become the forum for justification for their several policies, including their considered necessity for vast rearmament by several of the nations who are now either initiating or carrying out a huge rearmament program. I feel very strongly that it would be inadvisable to call such a conference unless and until we are certain of the positions which would be taken at such a conference by the Governments of Great Britain, Germany, Italy and France at least.

JAMES CLEMENT DUNN

500.A19/98 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, May 25, 1937—noon.

[Received 1:43 p. m.]

244. Following interview given by Mussolini to William Philip Simms, foreign editor Scripps Howard, which I understand will be published today in the United States and in Italy tomorrow:

“‘ If President Roosevelt would take the initiative and call an arms limitation conference in the near future the move would meet with great success.’

So declared Italy's Benito Mussolini in an exclusive audience granted me in the famous Venezia Palace here today.

Moreover, Il Duce stated in no uncertain terms that Europe and the world must soon find some sane means of putting a stop to the frenziedly accelerating armaments contest else be prepared to face a crisis of perhaps unprecedented gravity.

Such crisis he warned might develop in either one of two directions. It could take a political turn and lead to war. Or it might assume an economic character.

Sooner or later rearmament activity must cease whereupon unemployment and kindred ills may plunge the world into difficulties as great or greater than those from which we had begun to hope we were emerging.

The alternative, the Duce said with emphasis, is to put an end to the competition before it is too late. And the statesman to assume the leadership in this great humanitarian task is the President of the United States.

The virtual invitation to the American President came as something of a surprise. First, because it has been assumed that for an indefinite time to come at least, Europe would not listen to an arms limitation proposal. Secondly, Mussolini, the European statesman

who makes the first gesture, is precisely the one most frequently and persistently pictured abroad as one of the most stubborn leaders in the race for more armaments.

To all this the Duce has suddenly and dramatically given the lie.

'Italy would back such an arms limitation move to the utmost' he snapped in typical Mussolini fashion. 'And all the other powers would come in too. They would have to. None of them can long keep up the pace they are going now and they know it. To do so means the world would wind up in war or in economic collapse with armies of jobless, perhaps in revolt, nobody can foresee what.

'And Italy wants peace. She needs peace for a long time in which to develop the resources now at her command.

'I am not speaking of disarmament but of arms limitation. Disarmament is impossible at this stage. Nor am I speaking of arms reduction. Already the situation has developed to point where even that is now out of the question.

'But limitation in the future is a perfectly feasible practicable thing. And when I say future I do not mean some vague distant time ahead but in the very near future'.

So many people are now employed in the world-wide armament program, the Duce holds, that suddenly to stop the wheels and throw the workers into the ranks of the unemployed might well set the world back where it was seven or eight years ago at the beginning of the depression.

The job ahead therefore would seem to be divided into two phases. First, it would be the task of the statesmen to apply the brakes and halt the dangerous momentum as quickly as possible without upsetting the economic equilibrium. Unless this is done the consequence might easily be as terrible as war itself. Second, actually to limit armaments."

"World peace was the keynote of the conversation once he got on the subject of Europe. The man perhaps most often pictured abroad as impulsive and bellicose showed himself a cool farseeing thinker ardently desirous of seeing early steps taken to preserve the peace. Even his plan to make Italy self contained is shown to be purely a defensive measure, not inspired by economic nationalism. Both he and his Foreign Minister and son-in-law Count Ciano are preaching wider trade relations. Like President Roosevelt and Secretary Hull they believe that the opening up of world trade routes is of utmost importance to world peace and prosperity.

Stories that Italy has ambitions in Spain, the Balearics or the Western Mediterranean, the Duce said are simply untrue. She has none. But he added with emphasis Italy is distinctly opposed to Bolshevism gaining a footing in Spain or the Mediterranean because in his belief Bolshevism is still Europe's greatest menace. For that reason he said Italy feels it will be best for her, for France, for Britain, Europe, the United States and the world for Franco to win.

As for the peace of Europe, Mussolini does not believe it essential that all the nations enter into one great peace pact. He thinks five nations could achieve it, namely, Italy, France, Britain, Germany and Poland.

Duce's position is simply this: the idea that nothing can be done about armaments is absurd. A race is on which unless stopped will wind up disastrously. Ergo stop the race.

To say that this cannot be done at present is likewise untrue. Britain, for example, would not be asked to halt construction right off but merely to state her objective and agree to limit her armaments at that point. And so on for the other nations.

At first, therefore, there would be a limitation of objectives. And afterwards limitation of armaments themselves.

An agreement limiting objectives would serve a tremendous purpose. It would put an end to the competition, remove the fever and the panic from the existing situation and so vastly lessen the danger with which Europe is now faced. Furthermore, it would give business and industry time to readjust themselves without which unemployment and associated evils are inevitable.

At present the sky is the limit for armaments. Each nation is building against the other in a mad scramble for more and more arms. None can afford the financial outlay. All face a terrible reckoning if they keep it up—as keep it up they must or feel they must lest their neighbors be in a position to crush them by sheer preponderance of arms.

The Duce is convinced all this could be changed were the President to call a conference. He doesn't believe any great power would dare refuse to attend. Nor does he believe they would dare refuse to state their objectives and agree to limit such objectives. As the alternative to some such agreement is war or a world-wide economic collapse attended by widespread revolt, no nation would be willing before the world to take upon itself so terrible a responsibility.

And once objectives were agreed upon limitation would follow almost as a matter of course."

PHILLIPS

500.A19/97 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, May 25, 1937—3 p. m.

[Received May 25—12:15 p. m.]

245. I am deeply impressed by the significance of the Duce's interview with W. P. Simms reported in my 244, May 25, noon, and I sincerely hope that whatever may develop in regard to the specific question of convoking a conference on the limitation of armaments and any action by the United States in that regard the general principles expressed by the Duce may be given a sympathetic reception not only in the United States but also in England and France. I feel strongly that a rebuff to the Duce at this time might jeopardize a policy of peace and cooperation to which he appears to have committed himself in this statement.

PHILLIPS

500.A19/102 : Telegram

The Acting Secretary of State to the Ambassador in Italy (Phillips)

WASHINGTON, May 27, 1937—7 p.m.

92. Your 244, May 25, noon. Upon being questioned in press conference yesterday with regard to Mussolini's interview with Simms I made the statement which you will find in Radio Bulletin No. 122, May 26, 1937.²⁰

The Italian Ambassador came in later in the day to call my attention to the interview and to inform me of its authenticity. I took occasion to state that I considered Mr. Mussolini's expressions highly important and encouraging and told the Ambassador that we here were giving them every consideration. I told the Ambassador we were also very pleased that more and more of the important statesmen of Europe were expressing themselves in support of more liberal trade programs. We have taken the position of being receptive and cordial toward the expressed hope of the Italian Chief of Government that arms limitation and revival of normal and healthy economic production be resumed.

I have thought it well thus to give you a picture of the manner in which this interview had been received by us here as some of the Washington despatches published since have unfortunately given the impression that we were not receptive to the suggestions in the interview which is not a correct reporting of the way we received it.

You may wish to correct any erroneous impressions which the Italian Government might have received, and I would suggest, if you so approve, you take occasion once more to state that we would welcome further expressions by leading Italian officials endorsing and supporting the principles of the broad program for liberalization of international trade which we are so anxious to see adopted throughout the world.

WELLES

500.A19/99 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, May 27, 1937—7 p.m.
[Received May 27—3:35 p.m.]

248. My 244, May 25, noon. The newspapers this afternoon under New York dateline and with conspicuous headlines publish Mussolini's

²⁰ In his statement, which was carried in the press, the Acting Secretary said that he had read the report with great interest but, since it was not an official message in any sense, no official comment was possible. He said further that any indication that the head of another government is favorably disposed toward the idea of averting or arresting the present rearmament race is a matter which would have to be regarded very favorably by any government such as the United States which is interested in world peace.

statements to Simms as well as accounts of the foreign comment which has appeared to date.

Gayda²¹ in an editorial says that this invitation to the President to convene a world conference for the limitation of armaments made by a well-armed and disciplined state is the result of "conscious will not of necessity" and that it realistically indicates the limitations within which such an initiative could prove successful. Gayda continues that "it is from Roosevelt that there have recently come not without polemical tone denunciations of Europe for the folly of its armaments race; and it is in Roosevelt the leader of a great power whose own vital interests demand solidarity with the rest of the world that this race may find a supreme force for moderation through the initiative for a meeting among all the responsible nations". The United States being extraneous to all European conflicts "to such a point as to base her foreign policy on deliberate absence from the League of Nations and on neutrality" and having no need for huge armaments since she is stronger than all her neighbors together, is the only country to which can fall "the legitimate work of arbitration among the opposing interests of Europe and the world and the competitive armaments in which those interests are expressed. With the initiative mentioned by the Duce the United States would augment her prestige as a world leader and would without incurring any of those dangerous entanglements which she refuses strengthen the vital interests that unite her to Europe."

After expatiating on the grave political and economic perils of the present armaments race which President Roosevelt is in the best of positions to realize, the writer says that world economic collaboration which the President is promoting is inconceivable so long as the armaments race continues and that anyone who rejects Mussolini's "frank and documented warning to the United States and the whole civilized world voluntarily places himself outside the road to real peace."

PHILLIPS

500.A19/103 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, May 29, 1937—7 p.m.

[Received May 29—3:49 p.m.]

252. I read to Count Ciano this afternoon the substance of your telegram No. 92, May 27, 7 p. m. pointing out that the Department considered it unfortunate that some papers had given the impression that the American Government was not receptive to the Duce's suggestions.

²¹ Virginio Gayda, editor of *Giornale d'Italia*.

Ciano was very gratified by this information. It is evident that Ciano himself was not fully advised by the Duce of the step contemplated in the Simms interview. He admitted frankly that he had only been aware of the proposal in its most general terms and he had had no opportunity to discuss it fully with the Duce which he would do as soon as the latter returned to Rome next week. PHILLIPS

500.A19/104 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, May 31, 1937—7 p. m.

[Received 8:31 p. m.]

254. My 249, May 28, noon.²² A widely publicized editorial in Mussolini's newspaper yesterday said it was inaccurate to refer to the Duce's interview as an "invitation" to the President to convene a world conference, which would have been absurd. Simms having asked for a statement of views in the event the President decided to call a conference, Mussolini merely replied that such a move could be successful and that in any case Italy would support it adding just what the objectives for a successful conference should be. Disarmament or reduction of existing or projected armaments was impossible as shown both by the fiasco of the last disarmament conference and by fierce militarism of the so-called Left parties in their desire to exterminate Fascism. The only practical thing was to see whether future armament programs could be limited both as to quality and quantity. A collective agreement on future limitation would eliminate the tragic alternative of world war or general economic and social collapse.

After denying that Italy is pleading for an agreement because she can not stand the pace and asserting that Italy's already formidable armaments are being methodically increased day by day, the newspaper says that all chances for peace are being systematically destroyed by the "Left parties". Those parties when the so-called dictators are silent say they are hatching plots against peace; and when they declare their readiness to negotiate a real peace they are accused either of trying to lull suspicions or being driven by financial distress. "As to Italy, having seen the futility of any attempt at agreement she will continue her preparations. The Italian people ardently desire peace but they have shown and will do so again if necessary that they are ready to relinquish peace if their interests or future are at stake."

The Vatican daily newspaper yesterday said that since competitive armaments inevitably lead to war or economic disaster any effort toward limitation on the part of anyone—whomsoever—must be encouraged. The task today requires renewed courage and far more de-

²² Not printed.

termination than in the past especially since the already existing disproportion of forces has been accentuated both as to present armaments and future programs by the gigantic British rearmament scheme. The newspaper indicates limitation to the *status quo* as the only feasible first step. It also draws attention to the fact that Mussolini has in the past proposed limitation on the basis of the *status quo* and that Roosevelt has several times strongly attacked those countries that make a cult of rearmament. In conclusion it indicates as factors for success in such an initiative the world prestige of the United States "deriving from the popularity of its methods, its opposition to war, its vast network of economic relations"; the fact that the appeal is addressed to the American President not to Geneva; and the reiterated Italian declaration against the convening of conferences without assurance of success.

PHILLIPS

500.A19/105 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, June 4, 1937—3 p.m.

[Received June 4—12:15 p.m.]

262. During my conversation with Count Ciano yesterday afternoon I asked him whether he could give me any information as to the reaction of the press other than in the United States to the Simms interview reported in my 244, May 25, noon. Ciano replied that there had been no reaction whatsoever from London, Paris or Moscow. He seemed to have made up his mind that there was nothing further to be done in the circumstances. He referred to the leading article in the *Popolo d'Italia* of May 30th, see my 254, May 31, 7 p. m., which he said represented the official views of the Government.

This morning in conversation with the British Ambassador he admitted that there had been no response from London and that any such response was difficult in view of the rearmament program from which there could be no withdrawal and the state of public opinion in England against Italy. However, he felt that it was still possible that his Government might find ways and means to express its sympathy with the general idea and personally he hoped that his Government would do so.

PHILLIPS

500.A19/113

The Secretary of State to Representative Sam D. McReynolds

WASHINGTON, June 19, 1937.

MY DEAR MR. McREYNOLDS: I have received your letter of June 4, 1937,²³ requesting for the use of the Committee on Foreign Affairs,

²³ Not printed.

a report on H. J. Res. 271, "Authorizing the President to call a naval armament conference".

This Government's efforts in the cause of disarmament are well known. Despite the disappointments of recent years and the momentum of the present rearmament race it has not abated its efforts or its continuing interest in the cause. Its cooperation with other nations in undertaking measures to lessen the immediate dangers of excessive armaments has been as constant as its advocacy of policies to remove the basic causes of such armaments.

To these ends this Government participated in the London Naval Conference of 1935²⁴ and ratified the Naval Treaty of 1936²⁵ which resulted therefrom; it participated in the meeting of the Bureau of the General Disarmament Conference, held in Geneva last month; it has, through diplomatic channels, kept in sympathetic touch with all phases of developments in the field of military and naval disarmament; it initiated and took an active part in the Buenos Aires Conference for the Maintenance of Peace; and through its liberal trade program it has continued to prepare the ground for a solution of the general problem of armaments by seeking appeasement in the field of economic armaments. Already there are some signs that there is a growing appreciation of the necessity for arresting the growth of naval armaments. I am not of the opinion, however, that the world situation is yet such as to warrant believing that a naval conference would just at this time be helpful to a solution of the problem.

The President and, at his direction, the Department of State are continuing to keep in the closest touch with every aspect of the situation.

Sincerely yours,

CORDELL HULL

811.001 Roosevelt F. D./4506½

*President Roosevelt to the Chief of the Italian Government
(Mussolini)*²⁶

[WASHINGTON,] July 29, 1937.

MY DEAR SIGNOR MUSSOLINI: I have waited for many months to thank you for your gracious and much appreciated letter to me,²⁷

²⁴ See *Foreign Relations*, 1935, vol. I, pp. 64 ff., and *ibid.*, 1936, vol. I, pp. 102 ff.

²⁵ Department of State Treaty Series No. 919; 50 Stat. 1363.

²⁶ Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

²⁷ This letter read as follows: "My dear Mr. President, In the last three years I have often remembered our exchange of letters of 1933, and regretted that the course of events has not allowed the first contacts then established between ourselves to be pursued with the continuity which was in our intention.

It is therefore with the deepest satisfaction that I avail myself of the occasion presented by your triumphal reelection to the Presidency, to convey to you my

which I found on my return from South America last December.²⁸ I have delayed writing you because through all these months I have been hoping that the world situation would clarify sufficiently for me to discuss with you measures looking toward the stabilization of peace among nations.

But, unfortunately the situation today seems no clearer than before, and, indeed, in some aspects the drift of events has been toward and not away from an ultimate crisis.

I have been gratified in reading of your statements in favor of the principles of reduction of armament. As you know, the Secretary of State has had my full support in his effective efforts toward the increase of international trade and the lowering of barriers against trade.

Nevertheless, all of these efforts, even if they are joined by additional nations, and even if a greater total of world trade results in the coming years, will not prove a completely effective guarantee of international peace if world armament among the nations continues on its present scale.

The two things must go hand in hand. It seems clear to me that if the nations can agree on armament reduction, even if it be in the form of a progressive reduction over a period of years, they can far more effectively discuss practical instruments for reduction of trade barriers, thus building up employment in industry to take the place of employment in armament. And I recognize that as a part of the discussion of increasing trade, every consideration should be given to a more ready access to raw materials' markets for those nations which in themselves do not produce the raw materials necessary to industry.

I am confident, my dear Duce, that you share with me the fear that the trend of the present international situation is ominous to peace. And I am confident that you share with me the desire to turn the course of the world toward stabilizing peace. I have often wished

warmest congratulations for this expression of universal approval that your great work has met with.

I also desire to express to you my very sincere wishes for the ever-greater prosperity, which—I am sure—the United States will achieve under your enlightened guidance.

Hoping that our relations, now re-established, may not undergo any further interruption, I am [etc.]

Mussolini

19. Novembre XV [November 19, 1936.]'

The letters of 1933 referred to in Mussolini's letter were exchanged on the occasion of the presentation of letters of credence by Breckinridge Long as Ambassador to Italy; the President's letter is not in the Department files; the reply transmitted on July 7, 1933, to the Department of State by the Italian Ambassador, is not printed (811.001 Roosevelt, F. D./660).

²⁸ President Roosevelt participated in the opening session, December 1, 1936, of the Inter-American Conference for the Maintenance of Peace, at Buenos Aires (see *Foreign Relations*, 1936, vol. v, pp. 3 ff.), and returned to the United States on December 15.

that I might talk with you frankly and in person because from such a meeting great good might come. But we both realize the great difficulties that stand in the way—international difficulties as well as the distances of the Atlantic Ocean and the Mediterranean Sea.

I was very happy to learn that my youngest son, John, had the privilege of meeting you last week. I had charged him with conveying to you my very warm regards. Some day you and I must and shall meet in person.

Believe me, with every good wish,

Faithfully yours,

[File copy not signed]

P. S. This is your birthday and I send you wishes for many happy returns of the day.

PROPOSAL FOR CONCERTED INTERNATIONAL EFFORT
TO REACH COMMON AGREEMENT ON THE PRINCIPLES
OF INTERNATIONAL CONDUCT TO MAINTAIN PEACE

711.00 Pres. Speech Oct. 5, 1937/3 $\frac{1}{2}$

Memorandum by the Under Secretary of State (Welles) ¹

[WASHINGTON,] October 6, 1937.

The situation in the world today and the imperative need for the peace loving nations to endeavor to take common action to secure the establishment of foundations for the maintenance of peace could not be better described than by these sentences from the President's Chicago speech: ²

"The peace loving nations must make a concerted effort in opposition to those violations of treaties and those ignorings of humane instincts which today are creating a state of international anarchy and instability from which there is no escape through mere isolation or neutrality.

"Those who cherish their freedom and recognize and respect the equal right of their neighbors to be free and live in peace, must work together for the triumph of law and moral principles in order that peace, justice and confidence may prevail in the world. There must be a return to a belief in the pledged word, in the value of a signed treaty. There must be recognition of the fact that national morality is as vital as private morality."

No one can today affirm that such a thing as international law exists or that there is any common agreement on the part of the so-called civilized nations of the world upon the fundamental standards which should and must govern the relations between nations if world order is to be restored.

Is it not possible that before any definite progress can be made towards the solution of the innumerable and grave ills with which the world today is afflicted—and by this I mean the solution of all of the pending political, armament, financial, and economic problems which must be solved if world peace is to be attained—that an attempt should be made to secure general international agreement as to the fundamental norms which should govern international conduct?

¹ Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

² October 5, 1937; Department of State, *Press Releases*, October 9, 1937, p. 275.

If such bases were to be agreed upon by common international consent, is it not likely that that agreement upon common standards will both expedite and facilitate the practical agreements necessary to reestablish peace in the world?

I therefore suggest for the President's consideration that he inquire of the other governments of the world whether they will be willing to take part in a world conference which he will be prepared to call because of the reasons above indicated for the purpose of attempting to achieve a common agreement upon the following questions.

1. The basic principles which should be observed in international relations (as, for example, noninterference in the internal affairs of other nations).
2. The laws and customs of land warfare.
3. The laws and customs of naval warfare.
4. The rights and obligations of neutrals both on land and at sea, except in so far as they may be restricted by existing international agreements.
5. The right of freedom of access on the part of all peoples to raw materials.

The first of these five points covers by implication the whole field of international law. I do not suggest that any attempt be made at the conference proposed to undertake the codification of international law. This might well be delegated by common agreement to expert committees appointed for that purpose. What I do suggest is that this first point embrace those principles which are of primary and present importance.

If this suggestion is given consideration, it should be made clear beyond any doubt that the proposal envisages solely the reaching of a common agreement upon standards of international conduct and does not embrace either political, economic, or financial adjustments.

On this basis I should assume that the non-dictatorial governments would be willing to cooperate. I should likewise assume that Germany and Italy would find it to their advantage to cooperate. Under present conditions it would appear improbable that Japan would take part.

From the standpoint of an improved world psychology it would appear to me that a very great advance would be attained if the overwhelming majority of the nations could reach an agreement upon such principles because of the inherent need for the reestablishment of those principles, and that, in addition thereto, the mere fact that the nations of the world today could by concerted action agree upon anything of vital importance would in itself be a material step forward.

711.00 Pres. Speech Oct. 5, 1937/44

*Memorandum by the Under Secretary of State (Welles)*³

[WASHINGTON,] October 9, 1937.

With relation to the suggestion contained in my memorandum of October 6, the President on October 8 expressed his belief that the matter might be handled in the following manner:

1. The question should be dealt with independently of any other conference, consultation, or exchange of views.

2. The first approach should be for the Government of the United States to indicate to every other government of the world its belief that international agreement should be had upon the five points listed on pages two and three of the memorandum of October 6, and this indication should be undertaken through diplomatic channels.

3. When replies are received to these original communications and it becomes thereby evident that an agreement is had as to the measure proposed, the United States would announce its willingness to the other governments to cooperate with a smaller group of powers in order that this smaller group might by common agreement elaborate the principles of international relationships and the standards of international conduct believed to be desirable and necessary. The United States to assume the responsibility of determining the membership of this smaller group.

4. When a determination is reached by this smaller group upon the questions submitted, the findings will be communicated by the United States through diplomatic channels to the other governments of the world not represented in the smaller group.

5. If it is then ascertained that the great majority of the governments of the world are in accord, it will be determined whether this agreement shall be ratified by means of a world conference called specifically for that purpose or whether formal agreement shall be arrived at through diplomatic channels.

740.00/219a

The Under Secretary of State (Welles) to President Roosevelt

WASHINGTON, October 26, 1937.

MY DEAR MR. PRESIDENT: With reference to our conversation of last Saturday, I submit herewith for your consideration a draft of a proposal which you may wish to make to other governments covering the suggestion we had previously discussed.

³ Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

I recommend that you adhere to your original idea and invite all of the diplomatic representatives accredited to Washington to meet with you in the East Room of the White House on the afternoon of Armistice Day, that you then read to them a message along the lines suggested in the draft herewith attached, and that the text of this message be simultaneously communicated by us by telegraph to each one of our Ambassadors and Ministers abroad for immediate transmission to the Chief of State to which he is accredited. It seems to me that Armistice Day is a singularly appropriate day for you to make announcement of this proposal should you determine to proffer it.

Furthermore, by the time November 11 is reached, the Brussels Conference⁴ will have been in session for at least eight days. A proposal of the character suggested will, I think, definitely strengthen the hands of the powers that are seeking to avert world anarchy. We have, of course, discussed the idea with no other government, but I do not see how any other government could refuse to approve the proposal except perhaps Italy and Japan, and I doubt if the former under present conditions would wish to place herself in such a position. The reference in the suggested draft to the probable need for readjustment of the settlements arrived at after the conclusion of the World War would, I think, almost inevitably create a favorable reaction on the part of Germany.

From the standpoint of public opinion at home, I would think that your making this proposal four days before the opening of the Special Session of the Congress would put a very definite quietus upon those individuals who have been deliberately attempting to misinterpret your Chicago speech.

The Secretary of State has gone over the draft and has asked me to let you know that he considers it "entirely sound".

Believe me

Faithfully yours,

SUMNER WELLES

[Enclosure]

Draft of Proposal for Concerted International Effort to Reach Common Agreement on the Principles of International Conduct Necessary to Maintain Peace

At the end of the Great War the common feeling of all peoples was that they had a right to lasting peace. Countless men and women in all portions of the earth trusted that with the ending of that catastrophe there might be brought into being a new epoch of lasting peace between nations. They have seen that ideal year by year grow more remote. New generations have reached adult age since that time and

⁴ See vol. iv, pp. 1 ff.

find themselves in a world surcharged with anxiety, where governments are frantically rearming, where whole peoples live in constant fear, and where physical and economic security for the individual are lacking.

Those standards of conduct between nations which were gradually and painfully evolved over a period of many centuries, and upon which modern civilization is in great part founded, would seem to be obsolescent. Moreover, due to recent scientific discoveries modern warfare has assumed an aspect more cruel than ever before, and in the employment of these new inventions war is waged in such fashion as frequently to involve the destruction of undefended and civilian populations—the slaughter of women and children—of the aged and the helpless—in utter contravention of those rules of warfare which earlier international instruments had laid down.

I have felt warranted in addressing to you this communication because of my considered belief that unless the nations of the earth strive by concerted effort to come rapidly to a renewed agreement upon those fundamental principles which the experience of the past, and the best judgment of present times, demonstrate as being wise and salutary in the governing of relations between states, world peace cannot be maintained. Furthermore, should war once more break out, notwithstanding all efforts to avert it, and no binding international accord be had prior thereto as to rules and measures which may mitigate its horrors and especially to civilian populations, no man can say that another great war would not destroy all that was salvaged from the last.

For these reasons I lay before you for your consideration the suggestion that all governments at an early date strive to reach an unanimous agreement upon the following matters:

1. The essential and fundamental principles which should be observed in international relations.
2. The methods through which all peoples may obtain the right to have access upon equal and effective terms to raw materials and other elements necessary for their economic life.
3. The methods by which international agreements may be peacefully revised.
4. In the unhappy event of war, the rights and obligations of neutrals both on land and at sea, except in so far as in the case of certain nations they may be determined by existing international agreements; and the laws and customs of warfare whose observance neutrals may be entitled to require.

Should it be found, as I hope it may, that the other governments of the world are favorably disposed to this suggestion, and should they so desire, the Government of the United States will be prepared to request a number of other governments to join it immediately in the formulation of tentative proposals in elaboration of the points above enumer-

ated for subsequent submission to all nations for such disposal as they may in their wisdom determine.

I recognize that however essential it may be for the nations of the earth to reach a joint accord as to these norms of international conduct, such agreement alone may not necessarily secure the maintenance of peace. It is possible that before the foundations of a lasting peace can be secured, international adjustments of various kinds must be found in order to remove those inequities which exist by reason of the nature of certain of the settlements reached at the termination of the Great War. The traditional policy of freedom from political involvement which the Government of the United States has maintained and will maintain is well known. In the determination of political adjustments the Government of the United States can play no part. But it has seemed to me that every kind of adjustment, if undertaken, might perhaps be more readily arrived at if all nations come to a common agreement as to the principles upon which healthy international relationships should be based.

Today in the greater part of the world, governments and peoples commemorate the armistice which terminated the Great War. I have deemed it singularly fitting on this anniversary to proffer this suggestion to the other governments of the world, and should it be found acceptable, to pledge the cooperation of the Government of the United States in seeking the attainment of the objectives sought. The quest of peace under law and equity is imposed by the deepest instincts of humanity; it can have no end save in success.

[After further consideration, the plan to present the proposal on November 11 to the Diplomatic Corps in Washington and to communicate it simultaneously to foreign Chiefs of State through American diplomatic representatives abroad was abandoned on the advice of the Secretary of State; see *Memoirs of Cordell Hull* (Macmillan Company, New York, 1948), volume I, pages 546 ff.]

VISIT OF MR. VAN ZEELAND, BELGIAN PRIME MINISTER,
TO THE UNITED STATES IN CONNECTION WITH HIS
MISSION TO INVESTIGATE OBSTACLES TO INTERNA-
TIONAL TRADE

033.5511 Van Zeeland, Paul/1

*Memorandum by the Naval Attaché in Belgium (Gade)*¹

[BRUSSELS,] January 13, 1937.

The Naval Attaché and his wife lunched alone with the Prime Minister and his wife. After luncheon Mr. Van Zeeland stated:

"I wish to talk to you in strictest confidence and on a matter I have not mentioned, as yet, to your Ambassador, as my mind is not entirely made up.

"I have taken it up in a preliminary manner with His Majesty. I have long felt with my sympathies for America, the two countries should be brought closer together and that one of the most valuable assets of Belgium today is the feeling of genuine affection which your great country has for mine. I do not believe it is merely a sentimental legacy of the War and what you did for us then, but it is something more than that. I should like not only to retain it, but to develop it; and for that purpose I have thought of the following:

"Princeton University has kindly informed me of its intention to confer an honorary degree upon me at its commencement next June. I should like to go to America and to make my visit an official one, during which I am planning an intimate talk with President Roosevelt. During my visit I should like to be present at the opening of an exhibition of the finest specimens procurable of old Flemish tapestries and paintings of our great Flemish masters, similar to Vander Weyden, Van Eyck, etc. These I should have collected and the opening of the exhibition would be either in New York or Washington while I am there.

"I have long felt that nothing would attract American eyes more sympathetically towards Belgium than the fact that we might possibly prove the first country to negotiate a debt settlement with the United States. I have very much at heart to bring about and to discuss the feasibility of it with President Roosevelt. I naturally do not know what chances the President might have of putting through Congress a settlement which would be within the financial possibilities of my little country under the present circumstances.

"When I go over, I should like to inform your Ambassador that I should appreciate your personally being attached to me and request

¹ Copy transmitted to the Department by the Ambassador in Belgium in his unnumbered despatch, February 3; received February 15.

the same of your Government. My going would naturally entirely depend upon European conditions at the time in question. I should be accompanied by several Belgian gentlemen who would each one be fitted to take up particular phases of the problems in my mind for America."

JOHN A. GADE

800.51W89 Belgium/287 : Telegram

The Secretary of State to the Ambassador in Belgium (Morris)

WASHINGTON, March 11, 1937—6 p.m.

9. Referring to your letter of February 3 and its enclosure,² Belgian Chargé d'Affaires³ here has since asked, under instructions from his Government, whether visit of the Prime Minister would be agreeable to the President. At the direction of the President he has now been informed that the visit would be agreeable. He was further informed that, while the President has no authority from Congress to make any arrangements with respect to the existing war debt agreements, the President would be ready to have him bring up in his conversations any matters which he would deem to be of mutual interest to Belgium and the United States; that in making his plans for his visit to Washington they be arranged in such a manner as not to give rise to any conjecture that the debt question is to be touched upon in the conversations he might have while here; that any discussion of the debt question while in Washington be treated in the same manner; and that it might be desirable that he not be accompanied by officials whose positions in the Belgian Government might indicate that the war debt would be a topic of conversation.

Please keep me informed of any further developments in this regard.

As the Belgian Chargé has been informed of the above it would not seem necessary for you to take any action thereon.

HULL

800.51W89 Belgium/288 : Telegram

The Secretary of State to the Ambassador in Belgium (Morris)

WASHINGTON, March 30, 1937—6 p.m.

14. Your unnumbered despatch March 17, 1937.⁴ Please explain to the Prime Minister that it is not the custom of this Government to attach a Military officer to visitors other than Chiefs of State and

² Despatch not printed; for enclosure, see *supra*.

³ Prince Eugène de Ligne.

⁴ Not printed.

that I deeply regret that in the circumstances it will not be possible to meet his wishes with respect to Commander Gade.

I am of the opinion that it would be unwise and undesirable in this particular case to make any departure from this custom.

HULL

600.0031 World Program/70

The Ambassador in Belgium (Morris) to the Secretary of State

No. 1207

BRUSSELS, April 8, 1937.

[Received April 17.]

SIR: I have the honor to report that the Belgian Prime Minister, Mr. van Zeeland, has been requested by the British and French Governments to make an international survey of the possibility of reducing the obstacles to international commerce.

Before undertaking the task, Mr. van Zeeland submitted the question of his acquiescing to the request to the Belgian Cabinet at a meeting held on April 6, 1937. Following the Cabinet Council a statement which in translation reads as follows was issued:

"He (Mr. van Zeeland) has been requested to undertake an inquiry concerning the possibility of obtaining a general reduction of quotas and other obstacles to international commerce, in order to make effective the tripartite declaration of September 26 [25], 1936.⁵

"Such an inquiry is considered today as being entirely opportune.

"Mr. van Zeeland having declared that he was disposed to accept in principle this delicate mission, the Council signified its agreement with the methods outlined by the Prime Minister for immediately undertaking the preliminary investigations which would permit him to ascertain whether or not the conditions requisite for efficacious action existed."

A member of the staff of the Embassy has been confidentially informed that the communiqué above-quoted accurately indicates the scope of the request made by the British and French Governments and that there is no intention, as first announced in the press, of summoning a conference. The publicity, according to the Embassy's informant, was not only inaccurate but also unfortunate as the desire was quietly to sound out the various governments to see whether or not some action "to get rid of quotas and other hindrances to trade was possible."

The release of the news concerning Mr. van Zeeland's mission has aroused great interest in the press, and extensive comment on the subject from abroad has been quoted. It was stated in a despatch from Berlin dated April 7, 1937 that it is probable that the President of the

⁵ See *Foreign Relations*, 1936, vol. I, pp. 535 ff.

Reichsbank and German Minister of Economic Affairs, Mr. Schacht, when he goes to Brussels next week, will discuss the matter with Mr. van Zeeland in order to obtain full information concerning the mission Mr. van Zeeland is undertaking. Preparations for the visit of Mr. Schacht to Brussels about April 13, 1937, had been made before there was any idea that Mr. van Zeeland at that time would be undertaking investigations of an international scope, as the President of the German Reichsbank was planning to come to Brussels to return the recent visit to Berlin of Mr. Franck, the Governor of the National Bank of Belgium.

Respectfully yours,

DAVE H. MORRIS

600.0031 World Program/66: Telegram

The Ambassador in Belgium (Morris) to the Secretary of State

BRUSSELS, April 15, 1937—6 p. m.
[Received April 15—2:20 p. m.]

24. Department's 15, April 13, 7 p. m.⁶ In a conversation today the Belgian Prime Minister informed me that his investigation is not primarily in preparation of an economic conference but that as he sounds out the various countries he will decide whether such a conference could be successful and in the latter event will probably recommend it. His investigation will not be concluded before he leaves for America in June and therefore he is anxious to have a personal conversation with you in Washington. The Prime Minister has no list of specific countries which he will approach but mentioned Great Britain, France, the United States, Germany and the Oslo bloc. His investigations may include stabilization of currencies if he finds it advantageous to do so. He has taken advantage of Schacht's courtesy visit here to discuss every question of mutual interest. He stated that the purpose of Eden's ⁷ forthcoming visit to Brussels is to discuss pending political questions.

MORRIS

740.00/153: Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, April 29, 1937—6 p. m.
[Received 7:35 p. m.]

547-551. I dined last night in Brussels with Ambassador Morris and Van Zeeland.

⁶ Not printed.

⁷ Anthony Eden, British Secretary of State for Foreign Affairs.

In view of Van Zeeland's forthcoming visit to the United States I shall inform you fully by despatch⁸ with regard to his remarks—which covered the entire world situation—and confine myself in this telegram to certain points of immediate interest.

1. Van Zeeland said that he and Eden had worked out a new project for a western pact. He asked that this be kept most secret. He said that he and Eden had agreed that any revival of the Locarno Pact⁹ was impossible but they believed it might be possible if considered to establish a "plurilateral non-aggression pact" to include Germany, France, England, Belgium, and perhaps Italy. If this attempt should fail he would try to make a non-aggression pact with Germany on behalf of Belgium alone.

2. With regard to his mission to the United States, he said that he would refuse to make any statement whatsoever until he had felt out the situation completely both in Europe and in the United States. He did not expect to be able to begin to draw any conclusions for perhaps 3 months and he was not sure that at the end of that time he would have anything highly important to offer. It was obvious that any serious attempt to heal the world's commercial and economic problems must entail settlement of financial, disarmament, and political problems as well. His task therefore was to search the ground for a new world settlement.

He described in great detail his conversations with Schacht and asserted that Schacht had said to him that Germany was reaching the end of her tether economically, that the system of economic autarchy in Germany had given good results up to the present time but could not be carried much further.

Schacht had then stated that it was absolutely essential that Germany should have colonies. Van Zeeland said that he had argued with Schacht that no colonies that Germany conceivably could get would solve the German economic problem but that Schacht had continued to argue that colonies from which Germany could obtain colonial products for German marks were essential.

Van Zeeland said that Schacht was opposed to any general economic conference but believed that some result might be reached if one qualified representative from each of the leading powers should meet in a small conference. Van Zeeland said that he had replied that he was glad to have the suggestion but had established as a principle that he would not comment on any suggestion until he was familiar with the opinions of all the leading governments of the western world.

⁸ Not found in Department files.

⁹ Treaty of Mutual Guaranty between Germany, Belgium, France, Great Britain, and Italy, signed October 16, 1925; for texts, see League of Nations Treaty Series, vol. LIV, pp. 289-363.

3. With regard to the position of England, Van Zeeland said that for the first time within his knowledge the British had today an entirely definite and strong line of policy. They would continue to rearm and they would continue to maintain the tariff walls around their empire unless they felt certain that the changing of these policies would give them peace. He said categorically several times that the British were not interested in the reduction of barriers to international trade and that they would accept such reduction only as a part of a global settlement which they felt certain would give them peace. He went on to say that he believed that during the next few years the British would very nearly control the trend of international affairs; they were increasing in strength daily and were fully disposed to use the strong paw of the lion in accordance with their old traditions.

I suggested to him that if there were no one in the British Cabinet who sincerely and intensely desired to restore the economic life of the world there was not much chance that his mission would achieve success.

He said that he felt the British might come in at the end and support his efforts strongly if he could find sufficient previous support from other nations.

4. Van Zeeland said that he regarded the full cooperation of the United States as essential and asked me a series of questions with regard to the attitude of the United States. I replied to him in exact accordance with your remarks to me in our recent conversations in Washington, emphasizing the fact that while we would be most eager to cooperate in any efforts to reduce the barriers to international commerce and to achieve an accord for limitation of armaments we could not take any political commitments and that it was almost inconceivable that European countries should be allowed to float loans in the United States. I made these latter two statements because he had asked me if there might be a possibility that the United States would join the League of Nations provided Article Sixteen should be re-defined and because he had asked me if there were not a possibility that the Johnson Act¹⁰ might be repealed. Van Zeeland said that he hoped he could have utterly frank conversations with you and the President when he reached Washington. I told him I was certain that this was what you both desired.

5. Van Zeeland admitted that he thought that Belgium's new status in the international picture would inconvenience greatly the ability of France to come to the aid of Poland, Czechoslovakia, Austria, or any other state of Central Europe. He said, however, that he considered

¹⁰ Approved April 13, 1934; 48 Stat. 574; see *Foreign Relations*, 1934, vol. I, pp. 525 ff.

it most important that England had changed her attitude toward the *status quo* in Central Europe. For example Eden recently had assured Beneš that Great Britain was not disinterested in the fate of Czechoslovakia. (For your confidential information, Delbos has made the same statement to me.) Van Zeeland said that Eden had assured him in the most categorical manner that Great Britain was now prepared to push to the full her support of the League of Nations and had intimated that under the aegis of the League of Nations Great Britain might intervene in case Czechoslovakia should be attacked by Germany. He felt that this new attitude on the part of the British Government would go far to counterbalance the argument of France's offensive position against Germany caused by the present policy of Belgium.

He went on to say that there was at the present time the most absolute accord which could be imagined between the British, French and Belgian Governments and added in reply to a question that the leader of this trio who called the tune to which the others danced was unquestionably the British Government.

6. Van Zeeland said that he regarded it as a possibility that Germany shortly would issue a statement guaranteeing Belgium but this might well be preceded by the negotiation of the non-aggression pact referred to in the paragraph numbered 1 of this message.

7. Van Zeeland was extremely apprehensive with regard to the financial situation in France, saying that he could not see how the French could avoid a financial crash in June or July and that another devaluation of the franc seemed inevitable.

BULLITT

600.0031 World Program/134: Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, June 12, 1937—8 p. m.

[Received 8:13 p. m.]

777. I had a conversation with Van Zeeland today just before his departure for America.¹¹ He said that he did not intend to present to the President any preconceived proposals whatever. He wished to hear what the President had in mind before he made any proposals. If he should find the President interested in a particular line of thought, he had in his mind a number of schemes for the development of any possible proposal.

I replied that I advised him to treat the President not as an European Chief of State with whom he would have to be cautious

¹¹ Van Zeeland visited the United States June 18-30, 1937.

but as a man with whom he could be absolutely frank and to whom he could reveal in confidence every possible thought or speculation that he might have in his mind. After some discussion Van Zeeland said that he would take my advice and talk without reserve.

I asked him what especially he would have to propose. He said that from the inquiries that he and Frère,¹² his assistant, had made in all the countries of Europe he had come to the conclusion that the moment was extraordinarily favorable for reconciliation. He believed that even Germany would be glad to work out a peaceful solution of the present situation. He had not received in any country in Europe any concrete proposals but he had received the definite impression that there was no country in Europe that would refuse to cooperate in the economic reconstruction of the world.

BULLITT

600.0031 World Program/135: Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, June 12, 1937—8 p. m.

[Received 8:30 p. m.]

778. Continuing my 777. One scheme which he had very much in his mind was the following:

He thought there was a very great opportunity at the present time for the reduction of quotas and abolition of barriers to international trade; but only on condition that certain monetary and financial questions could be solved at the same time. He had in mind as a possibility that the United States might deposit a large quantity of its stock of gold in the hands of the Bank for International Settlements at Basel which could use it as a basis on which to reorganize the monetary systems of Europe. The United States would still retain control of the gold and get interest and there would be no risk.

He said that he had mentioned this particular scheme only as an example. He then went on to develop the details of another scheme. He would like to see the United States for example purchase cattle from Yugoslavia paying gold for the cattle and disposing of the cattle in areas which at the moment needed cattle. I told him that I thought this seemed somewhat chimerical and he replied that he had mentioned the thought merely to give me an example of the many different sorts of ideas that were in his mind.

You will find Van Zeeland extremely anxious to hear any concrete ideas that our Government may have developed and ready to give an honest opinion as to the practicability of any suggestions; but I ven-

¹² Maurice Frère, a Belgian who was formerly the Counselor of the National Bank of Austria.

ture to remind the Department once more that Belgium at the present time feels totally dependent on Great Britain and that the British point of view will bulk large in Van Zeeland's thoughts.

BULLITT

600.0031 World Program/142½

*Memorandum by the Under Secretary of State (Welles)*¹³

[WASHINGTON,] June 25, 1937.

At Mr. Van Zeeland's suggestion and in order to avoid publicity, I went this morning to the Belgian Embassy, where I talked with the Prime Minister for about an hour.

The Prime Minister covered about the same field of discussion which he covered in his conversations with the Secretary of State on Thursday.

Mr. Van Zeeland told me that it appeared to him that there were now two alternatives before him. The first was, upon his return to Europe, to advise the French and British Governments that the Government of the United States was disposed to cooperate in every feasible manner in the field of limitation of armaments; to cooperate with the Governments of Europe which were prepared to go along with it in the trade policy initiated and proclaimed by the United States; and, finally, to cooperate in measures tending towards financial stabilization such as those already embodied in the tripartite understanding. Mr. Van Zeeland said that, while the assurances which he could give along these lines would be encouraging, all these facts as to the attitude of the United States were already known and appreciated in London and in Paris, and it could hardly be assumed that any practical results would be forthcoming as a consequence of his visit to the United States.

He said, and in this opinion I strongly concurred, that it would hardly be possible for the peoples in Europe as well as on this continent to maintain very much longer unimpaired their faith in the principles which his government and our government were supporting unless the peoples began to believe that these principles were productive of concrete achievement.

The second alternative, he said, was for him to take with him a definite program, which he formulated along these lines:

(a) A meeting in the immediate future of representatives of the Governments of the United States, Great Britain, France, Belgium,

¹³ A copy of this memorandum was sent to the Secretary of State, who was then with President Roosevelt at Jefferson Island, in Chesapeake Bay, with the suggestion that the Secretary take it up with the President before their return to Washington.

Holland and Switzerland—in other words, the nations now supporting the principles embodied in the tripartite agreement—for the purpose of considering and agreeing upon certain steps which they might jointly or simultaneously take in order to advance disarmament, monetary stabilization, and the furtherance of the United States liberal trade policy. He emphasized that this meeting should be entirely informal and that it should be publicly understood that these representatives were meeting with no prior commitments and for the sole purpose of agreeing upon a program which would be open to the adherence of every nation of the world. On the disarmament question, he felt that an agreement could there be found which would involve the commitment on the part of the nations represented to refrain from bombing from the air. In the field of a liberal trade program, he felt that an agreement could be found for the extension and development of the policies already pursued by Belgium and the United States and he envisaged the possibility that some multilateral agreement in the nature of the Oslo agreement¹⁴ might be had. In the field of monetary stabilization, he felt that probably the six nations represented had already gone as far as they could under present conditions, but that it might be possible to find ways and means of going further.

I stated to Mr. Van Zeeland that it seemed to me that should such a meeting be possible from the standpoint of this Government, two conditions precedent were indispensable prerequisites: First, the positive engagement on the part of the United Kingdom that she would join with the United States by act and not only by word in the reciprocal trade program and, second, that any such meeting would appear to me not only to be futile but even dangerous, because of the disillusion which its failure would occasion, unless the governments taking part in such an exchange of views had definitely agreed through diplomatic channels beforehand upon certain concrete steps which could be formally confirmed at the suggested meeting.

The Prime Minister said that he was entirely in accord with this point of view.

As a second future step, the Prime Minister said that he would urge, once an agreement had been found at the suggested meeting, that the agreements there formulated be communicated to certain other powers and in particular Germany and Italy, in order that a second informal meeting might be had at which the original six nations would be represented together with representatives of the other powers which might be later determined upon.

¹⁴ Signed May 28, 1937, League of Nations Treaty Series, vol. CLXXX, p. 5; for correspondence regarding this agreement see pp. 803 ff.

I asked the Prime Minister what specific steps he had in mind as those which could be taken at this second meeting. As to this phase of the problem he said he could hardly venture to prophesy. He told me, however, of the conversations had, both by himself and by his representatives, in Germany and in Italy and expressed a very great measure of optimism as to the attitude which those governments would probably adopt, particularly if they saw a reasonable chance that such agreements opened the way to more normal trade between their countries and the rest of the world.

At this point Mr. Van Zeeland said that he recognized fully that the general assumption in the United States was that credits from the United States would be required before Germany and Italy could be persuaded to terminate their present autarchic system. He said that he was confident that this was not the case. He expressed the belief that the minute that some broad advance could be made in Europe towards the achievement of a normal flow of trade between countries, and the minute confidence began to return that disarmament and peace were within the grasp of Europe, capital which had now taken flight from Europe would return and that all the credits which might be necessary to ease Germany and Italy through the transition period would be available from European sources. He said, of course, that this did not imply that private American capital should not have equal opportunity for investment should it be desired, but that it was by no means required.

I purposely refrain from making this memorandum any longer for I feel sure Mr. Van Zeeland has covered the whole field in considerable detail with the President and with the Secretary of State. In view, however, of the fact that Mr. Van Zeeland will only be in Washington next Tuesday¹⁵ and will be sailing immediately thereafter on his return trip to Europe, I venture to suggest that the President and yourself may wish to consider making two decisions before Mr. Van Zeeland returns on Tuesday.

1. Whether it would not be highly desirable for some statement to be issued by the President and by Mr. Van Zeeland which, without going into details, might yet strike a note of optimism and indicate that Mr. Van Zeeland's visit here has been productive of more than a mere giving and receiving of information.

2. The confidential expression to Mr. Van Zeeland of the willingness of this Government to have a representative attend the preliminary meeting of the representatives of the countries now in the monetary agreement suggested provided the two conditions precedent above mentioned have been met, with the understanding that the people of this country will be given clearly to understand that the sole purpose of the meeting is to discuss the ways and means of advancing military

¹⁵ June 29.

and economic disarmament, and that this Government would not participate in the discussion of any point upon the agenda of a directly political nature.

Mr. Van Zeeland told me confidentially, and said he could not recall whether he had mentioned this to the President and to the Secretary of State, that he had cabled to London since his arrival in Washington stating that he would stop in London on his return to Brussels in order to confer with Mr. Chamberlain¹⁶ and with Mr. Eden.

600.0031 World Program/153½

Joint Statement by President Roosevelt and the Belgian Prime Minister (Van Zeeland)

[WASHINGTON,] June 29, 1937.

The President and the Prime Minister have had the opportunity of reviewing the operation of the trade agreement between their two countries¹⁷ and of the arrangements for cooperation and stability in the monetary sphere in which the two governments are now joined with others.

The results are a matter of great satisfaction. They are a clear demonstration that countries can develop an enlarged and mutually beneficial trade between each other, serving to give employment and to improve the standard of living in both countries, without disturbing in any significant way the organization of their production. It is an example of what can be done where fear, hostility, and aggressive intention are absent.

Such arrangements have served and will continue to serve both as steering machinery for the monetary systems not only of the six countries that have become parties to the arrangement but to much of the rest of the world.

Beyond relations between Belgium and the United States they reviewed the questions of economic difficulties and the continuing armament race that are now creating so much anxiety in the hearts of peoples everywhere. Out of the conversations it was stressed that within the frame of traditional American policy it was the disposition of the United States to cooperate in the joint work of rebuilding international trade, continuing cooperation in monetary matters, and seeking arrangements whereby the burdens and dangers of overwhelming armaments might be reduced or the method of their employment safeguarded.

¹⁶ Neville Chamberlain, British Prime Minister.

¹⁷ For correspondence concerning a Supplementary Trade Agreement Between the United States and Belgium, see vol. II, pp. 219 ff.

Among the principles envisaged in the program adopted by the American Republics at Buenos Aires¹⁸ there were specially emphasized:

The importance of peoples being educated for peace, and led by their Governments toward peace.

The development and faithful observation of peace agreements.

The pursuit of commercial policies that create peaceful trading interests between nations.

600.0031 World Program/153½

Statement by President Roosevelt

[WASHINGTON,] June 29, 1937.

The conversations between the Prime Minister of Belgium and myself and other officials of the American Government have been most helpful and encouraging. I am very glad that the Prime Minister has paid us this visit. I know that his stay in the United States will strengthen the admiration and affection of the American people for Belgium. We recognize in him an advocate of our ideals and hopes.

The Prime Minister will carry back to Europe the earnest best wishes of the American people.

600.0031 World Program/146: Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, July 6, 1937—6 p.m.

[Received July 6—2:30 p.m.]

439. At the end of the talk this morning reported in my 438 of July 6, 5 p. m.,¹⁹ Eden told me that both he and the Prime Minister had talked with Van Zeeland who seemed greatly pleased with his visit to the United States and the results obtained; that he and the Prime Minister told Van Zeeland that they agreed in general with the principles he expressed and thought the time had come when he should put his views in writing with the hope and with the intention as far as possible on the part of the British to secure tangible results based on these principles.

BINGHAM

¹⁸ See *Foreign Relations*, 1936, vol. v, pp. 3 ff.

¹⁹ *Ante*, p. 353.

600.0031 World Program/200

*Draft Memorandum by the Belgian Prime Minister (Van Zeeland)*²⁰[Translation ²¹]

[BRUSSELS,] July 17, 1937.

The Franco-Anglo-American declaration of September 25, 1936,²² to which Belgium, the Netherlands, and Switzerland adhered, affirmed, in paragraph one, the desire of the signatory powers "to safeguard peace, to foster those conditions which will best contribute to the restoration of order in international economic relations and to pursue a policy which will tend to promote prosperity in the world and to improve the standard of living of peoples".

Moreover, the declaration noted the importance which the signatory powers attached to the undertaking of some action for the progressive attenuation, with a view to their abolition, of the existing regimes of quotas and of exchange control.

It was to give practical effect to the desire expressed in the preceding paragraph, that the British and the French Governments have been kind enough to ask me to undertake the inquiry to which I have devoted myself in the course of recent months.

It appears to me that the moment has come, before formulating my conclusions, to have an exchange of official views with the Representatives of these two Governments, with whom I should like to associate, if possible, a Representative of the United States.

This exchange of views would afford a suitable opportunity to examine, in comparing the opinions of the three great Powers which took the initiative in the declaration of September 25, 1936, and in the light of the data which I gathered in the course of my investigation, the concrete forms which further action might assume.

It would not be necessary that the persons who would be called to meet together have powers of decision, but they ought to enjoy the full confidence of their Governments and to be in close touch with them.

Their task would be chiefly to draw up the program for further exchanges of views in which Representatives of their Governments might join.

This program would look to a series of measures suitable of execution, extending into the whole field of commercial policy.

The conversation which I have had recently at Washington led me to think that it is desirable and, under certain conditions, that it

²⁰ Text of communication to the British and French Governments; copy transmitted to the Department by the Ambassador in Belgium in his despatch No. 9, August 12; received August 26.

²¹ Translation supplied by the editors.

²² *Foreign Relations*, 1936, vol. I, p. 560.

would be possible to associate in the exchanges of views which have just been defined a Representative of the Government of the United States, a co-signatory of the declaration of September 25.

This participation of an American delegate would depend, however, upon the acceptance by the other countries of certain general principles to which the Government of the United States is particularly attached, and it may be summarized as follows :

The necessity of fostering the maintenance of peace by practicing a broad international collaboration, and the utility, toward this end, of keeping in the foreground of popular opinion the problem raised by the organization of international relations;

The progressive eliminating of obstacles to international exchanges of whatever nature, especially quota systems and exchange control ;

The abolition or attenuation of discriminatory systems, and the return to a regime of economic agreements concluded on the principle of the greatest possible equality between the different interested parties.

600.0031 World Program/157½

*The King of the Belgians (Leopold III) to President Roosevelt*²³

BRUSSELS, 25 July 1937.

MY DEAR PRESIDENT AND FRIEND: My Prime Minister, on his return from the United States, conveyed to me your kind message which greatly touched me and for which I thank you most sincerely.

He gave me an account of the conversation that you had with him: I was impressed by what you said about the necessity to draw the world's attention to something quite new.

I am taking this opportunity to send you the copy of a letter that I have just addressed to Monsieur van Zeeland and I hope that you will consider with interest the ideas that I have exposed in it.

Believe me, dear President,

Yours very sincerely

LÉOPOLD

[Enclosure—Translation²⁴]

The King of the Belgians (Leopold III) to the Belgian Prime Minister (Van Zeeland)

BRUSSELS, July 21, 1937.

MY DEAR PRIME MINISTER: When one reflects on the disorganized state in which Humanity is plunged, a feeling of deep anxiety causes the future to appear in a very obscure light.

²³ Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

²⁴ Translation supplied by the editors.

So it is necessary to encourage with strength and conviction every attempt at organization, the pursuit of which can lift the mind toward an ideal of human solidarity.

This consideration emphasizes the importance of the mission that Great Britain and France confided, thanks to your assistance, to Belgium, and which has gone far beyond the bounds generally attributed to it, as it may lead to a search for the elements of an organization of world economy.

The welcome that you received across the Atlantic is an indication of the friendly sentiments of the United States of America regarding the effort owed to the initiative of Great Britain and France. These three Nations thus bring us the proof of their generous desire to take part actively in the establishment of a better order, which the entire world demands.

The increased burden that you have taken on yourself, by accepting this heavy task, will arouse the gratitude of all who understand its true aim and who measure its vast extent.

When you are ready to set forth the preliminary results of your inquiry, allow me to make you a suggestion: it might be essential, I think, to bring into being some organism for economic studies, the value of which would be stamped by its three-fold character of universality, permanence and independence. A search for the elements of an organization of world-wide economy and a continuous adaptation of this organization to the constant variations in the factors of the economy, such would be the object of the studies of this institution.

The economic science, derived essentially from life, submits to the rhythm of the latter, and the problems it poses can not receive any immutable solution.

Finally, to be apt for the fulfilment of its mission, the institution contemplated must be as independent as possible of national influences.

Undeniably, it is very difficult to isolate the field of economy from political contingencies. But it is precisely this difficulty that constitutes the knotty point of the problem you have undertaken and on which all our efforts must be concentrated.

Under these conditions, the principal point would be that the suggested institution should be able to depend on the collaboration of persons who—all over the world—are best acquainted with the ensemble of questions relating to industry, commerce, agriculture, finance and labor. These persons would lend their aid, by reason of their personal competence, and not in pursuance of orders given them.

The lowering of tariff barriers, not more than any other partial measure, can alone put an end to the disorder that threatens peace. If we really wish to avoid war and to bring men back to a more

pacific state of mind, we must have the courage to envisage the economic question in its generality and to furnish a solution to the great problems which threateningly confront Humanity as a whole:

—the distribution of raw materials,—the distribution of means of exchange,—the international division of labor,—the equilibrium between agricultural and industrial nations, etc.

I do not have any illusion in regard to the difficulties that the realization of so extensive a program admits. I have the conviction, nevertheless, that the moment is favorable to attempt it, and that we should be able to hope to find, in the accomplishment of this effort, not only the support of all Governments, but likewise the approbation and support of great collective bodies of social, religious and philanthropic character; in a word, of all men who have in their hearts a desire for understanding and solidarity.

We can not affect ignorance of the fact that whole segments of the human community no longer understand one another.

If a first step can be made to bringing them together, we should bring to Humanity, and notably to the Orient—otherwise than by our words—the proof that the Occident places above immediate prepossessions of a material order the spiritual force emanating from a true feeling of fraternity.

Believe me, my dear Prime Minister, devotedly yours,

LÉOPOLD

600.0031 World Program/197 : Telegram

The Ambassador in Belgium (Gibson) to the Secretary of State

BRUSSELS, August 23, 1937—5 p. m.

[Received August 23—12:45 p. m.]

68. My telegram No. 66, August 12, 10 a. m.²⁵ Frère tells me that we need expect no further developments for several weeks. The Prime Minister has come to the conclusion that it would be desirable to have some form of agenda, however general, before undertaking the conversations referred to in the draft note.²⁶ In his opinion it is better to await the conclusion of the discussions which will take place in Geneva in September concerning raw materials,²⁷ etc., before trying to determine what should be embodied in this agenda. I, therefore, doubt whether any further steps will be taken before the end of September.

GIBSON

²⁵ Not printed.

²⁶ Memorandum dated July 17, p. 684.

²⁷ See pp. 803 ff.

600.0031 World Program/203

President Roosevelt to the King of the Belgians (Leopold III) ^{27a}

[WASHINGTON,] August 24, 1937.

MY DEAR KING LEOPOLD: I received a few days ago, through the good offices of Count van der Straten,²⁸ Your Majesty's letter of July the twenty-fifth, with which you sent me a copy of the letter you had just addressed to Monsieur van Zeeland. I have read this with careful attention. I share your belief that as world conditions deteriorate, the need for some constructive measure of alleviation becomes more and more imperative.

Monsieur van Zeeland's efforts have from the beginning made a strong appeal to me, not only in that they were inspired by a determination to restore a more stable world order, but also because they were based on a practical recognition of what was susceptible of accomplishment, and what was not. It would be a real disappointment to me if progress in his task were too long delayed, and if some tangible result did not ensue within a reasonable length of time. I feel strongly that the importance of economic equilibrium as an aid to world peace has often been underestimated and I am correspondingly grateful for what Monsieur van Zeeland, with Your Majesty's helpful encouragement, has done to emphasize this truth.

Part of my pleasure in welcoming Monsieur van Zeeland to Washington last June was the opportunity it gave me of sending special messages of greetings and good wishes to Your Majesty. With grateful appreciation of the sentiments you in turn have expressed, believe me

Very sincerely yours,

[FRANKLIN D. ROOSEVELT]

600.0031 World Program/231: Telegram

The Ambassador in Belgium (Gibson) to the Secretary of State

BRUSSELS, December 12, 1937—1 p.m.

[Received December 12—11:35 a.m.]

120. Van Zeeland expects to submit his report to the British and French Government shortly before Christmas.

He has gone over his tentative draft with Leith-Ross²⁹ who has unofficially expressed encouraging reactions and his hope that its

^{27a} Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

²⁸ Count Robert van der Straten-Ponthoz, Belgian Ambassador in the United States.

²⁹ Sir Frederick W. Leith-Ross, Economic Adviser to the British Government.

suggestions may be pressed forward as promptly as possible. He has permitted Chautemps³⁰ to read it and his comments were distinctly encouraging. Chautemps said that while some of the suggestions in the report were hard on French economic policy, he felt that the ends to be achieved were of such fundamental importance that they would be worth the price.

Van Zeeland has also just notified the German and Italian Governments that his report will soon be ready and that if they desire a further discussion of the problems involved he is at their disposal. He is waiting for their reply. I ventured to point out to him that if the report is sent simultaneously to the French and American Governments there is bound to be a certain delay in its reaching Washington during which period you are at a disadvantage in dealing with any inquiries or press comments. I inquired whether he could let me have an advance draft or summary which I could send to Washington now. In his anxiety to maintain secrecy as to the contents of the report, he has been working with only one copy but he has just had another made for me with his authority to send it unofficially for the strictly confidential information of the President, yourself, and Welles. He feels that hopes of success are so largely indulged in on the observance of complete secrecy that he asks me to impress upon you his request that the document and the moves connected with its preparation be kept entirely secret until the arrival of the official copy which will be despatched shortly before Christmas.

He says that he has sought so far as possible to embody in the report the suggestions he gathered in Washington; that the present text is not the final draft and will still require alterations; that if you have any further suggestions to make he would like to receive them by telegraph as soon as possible.

The report runs to 33 foolscap pages and in view of the fact that it has been prepared in the briefest possible form, Van Zeeland agrees with me that it would be difficult, if not impossible, to reduce it still further in digest form for the purpose of telegraphing. If therefore you wish to receive the entire text by telegraph without awaiting the mail copy (which I shall endeavor to get off by a special pouch on the *Aquitania* December 15) I would suggest sending it to London or Paris for coding as the Embassy here is not equipped for dealing with the task expeditiously. I have started translating the document so as to be ready to act as promptly as possible on receipt of your instructions.

GIBSON

³⁰ Camille Chautemps, French Premier, June 1937–March 1938.

600.0031 World Program/231 : Telegram

The Secretary of State to the Ambassador in Belgium (Gibson)

WASHINGTON, December 14, 1937—7 p.m.

64. Your 120, December 12, 1 p. m. While I realize the difficulty of summarizing Van Zeeland's report, I still desire to have the information contained therein by telegram. Please therefore send by telegraph in digest form through the embassy at Paris.³¹

HULL

600.0031 World Program/236 : Telegram

The Ambassador in Belgium (Gibson) to the Secretary of State

BRUSSELS, December 22, 1937—8 p.m.
[Received December 22—3:20 p.m.]

124. My 121, December 15, 10 p.m.³² I had a conversation with Van Zeeland today on his return from Italy.

He was gratified by the attitude of the Italian officials whom he saw and who gave the impression that they were hopeful of developments which would permit their joining in future plans for dealing with economic difficulties.

He had a final informal conversation in Paris and is now awaiting a message from Chamberlain with whom he desires to have a final conversation before releasing his report. He assumes that Chamberlain will not be able to see him before December 28 or 29 and the report will not be made public until after that date.

He states that while there will be no fundamental changes in the report there will be a number of minor modifications which he will communicate to me for your confidential information as they are made.

He said again that he would greatly appreciate any suggestion you might care to make but hoped they would be received before the 28th.

He seems to be greatly troubled over the problem of maintaining secrecy about his report and inquired insistently whether I had made it clear that the report was in tentative form and only for your strictly confidential information. I assured him that I had made it abundantly clear.

GIBSON

³¹ A digest of the report was sent to the Department by the Ambassador in Belgium in telegram No. 121, December 15, 10 p. m., not printed (600.0031 World Program/233). For full text, see British Cmd. 5648 (1938): *Report Presented by Monsieur van Zeeland to the Governments of the United Kingdom and France on the Possibility of Obtaining a General Reduction of the Obstacles to International Trade, January 26, 1938.*

³² Not printed; see footnote 31, *supra*.

600.0031 World Program/237 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, December 28, 1937—6 p. m.

510. Department has received from the American Embassy, Brussels, for its confidential information a preliminary text of Van Zeeland's prospective report. The Ambassador states that Van Zeeland plans to have a final conversation with Chamberlain before releasing this report and did not believe this conversation would take place before December 28 or 29.

The Department is giving preliminary study to the report which raises various reflections in its mind. Would you inform the British Government that we should be interested to be informed as to its judgment of the report and its possible utility in so far as the British Government may feel free to so inform us for possible use in the formulation of our own judgment.

HULL

600.0031 World Program/238 : Telegram

The Secretary of State to the Ambassador in Belgium (Gibson)

WASHINGTON, December 29, 1937—5 p. m.

67. The Department has given preliminary study to the translation of December 16 of the confidential text of Van Zeeland's prospective report. Please say to Mr. Van Zeeland promptly but informally that I am pleased with the general theme and tone of the report. However, sufficient opportunity has not been afforded to form a judgment in regard to the merits and purport of his plan. I should be pleased if he would care to consider the following reflections which come into my mind as a result of a purely preliminary study:

First, I believe that there would be benefit in having in the report a fuller and more systematic outline of those principles of international relationship upon which sound and peaceful international relations can alone be founded. (You may refer to the address I delivered at the Buenos Aires Conference.)³³ The American Government has been endeavoring steadily over the past few years to give reiterated emphasis to these principles and they have received the widespread indorsement of most other governments. Therefore, it would seem to be appropriate that the report should bring some such statement of principle to the forefront for the attention of the gov-

³³ December 12, 1936; Department of State, *Press Releases*, December 12, 1936, p. 490.

ernments whom this report may interest. Unless these principles receive effective application attempts at economic improvement through comprehensive international collaboration will always be faced with the danger that their first beneficial results will be diverted to narrow national purposes and the hope for full fruition of the program will therefore be prevented.

Secondly, the American policy of reduction of trade barriers through bilateral arrangements, the trade benefits of which are generalized in accordance with the unconditional most-favored-nation principle, has been recognized as an extremely useful means of making headway towards the aims which Mr. Van Zeeland is seeking to serve. There is a reasonable prospect that a constantly growing number of countries will join in this program by virtue of agreements with the United States, by gradual modification of their commercial policies in accordance with the underlying bases of the program, and by agreement among themselves. Its progress, furthermore, constantly stimulates new possibilities of necessary adjustments in international obligations and in the monetary field. Though it may not be open to all countries immediately and by a single step to fully participate in that program, it is in my judgment open to all of them (except those whose life is disturbed by hostilities at the present time) to begin to move in that direction. While agreeing that Europe is faced with a comprehensive problem which will ultimately require a comprehensive solution, it would be disappointing if full advantage were not taken as promptly as possible of all feasible partial measures, such as the trade agreement program; and all care must be taken lest feasible immediate action should be deferred with the thought that something more comprehensive must be developed before any important steps are taken.

Lastly, I believe there is a serious possibility that in the United States that part of Mr. Van Zeeland's report which calls for an international gold fund, largely to be contributed from American resources, will create difficulties. Previous attempts by the American people to facilitate the adjustment of European relationships by provision of capital have proven disappointing. American press comment up to the present time, which has of course had only rumor to guide it, has focused on this point.

HULL

600.0031 World Program/239 : Telegram

The Ambassador in Belgium (Gibson) to the Secretary of State

BRUSSELS, December 31, 1937—3 p.m.

[Received December 31—11:48 a.m.]

127. Department's 67, December 29, 5 p. m. Went over points in your telegram with Van Zeeland this morning. He is in full agree-

ment with the desirability of fuller and more systematic invocatory principles as suggested by you and will set about drafting such a statement today. I furnished him a copy of your Buenos Aires speech.

He is also in agreement as to stressing your ideas about putting increased emphasis on your second suggestion concerning bilateral arrangements.

He feels that he has expressed himself badly in his draft if it has given you the impression that he advocates the use of American capital in the form of loans or advances. He states that he is more than ever convinced that American loans to Europe, far from being helpful would further complicate the situation. He feels that from careful examination of his memorandum it will appear that he has something in mind that is quite different and free from your objections with which he is in hearty agreement. In the meantime he will reexamine his drafting with a view to seeing whether this cannot be brought out more clearly.

GIBSON

600.0031 World Program/240 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, December 31, 1937—8 p. m.
[Received December 31—6 : 45 p. m.]

818. With respect to my 672, October 27, 11 p. m. and 733, November 23, 7 p. m.,³⁴ and in compliance with the Department's 510 of December 28, 6 p. m., Ashton-Gwatkin of the Foreign Office was informally approached and he suggested and arranged for a meeting with himself and Leith-Ross, who have been primarily concerned with the Van Zeeland report matter.

Leith-Ross began by asking that his remarks be treated in the strictest confidence and he particularly emphasized that Van Zeeland whose visit to London will take place January 6 or 7 is anxious that it be not revealed to the press.

Leith-Ross went on to say that there had been several preliminary reports the latest of which he had seen during a meeting with Van Zeeland on his way to the economic committee at Geneva. The first part of that report was "what you might expect" names [*namely?*] a recommendation of lower tariffs, elimination of quotas, elimination of exchange controls, which included Frère's idea of central bank assistance. The second part envisaged the meeting of the representatives of France, Germany, Italy, United Kingdom and the United States,

³⁴ Neither printed.

who would be asked certain straightforward questions to ascertain their real interests in "internal collaboration" with a view to working out a preliminary procedure program. The second part also included the King of the Belgians' idea of the setting up of a permanent organization.

Leith-Ross said that he had spoken frankly to Van Zeeland about the preliminary report but as an expert and therefore without committing the British to his expressed views. In the case of tariffs he had said that it was all very well as an economist to inveigh against excessive tariffs and no doubt lower tariff rates in the United Kingdom, and the United States would help the debtor countries but internal political conditions offered little hope in his opinion that progress could be made more rapidly than was now being achieved through the operation of two-country agreements. In this connection he had cited the proposed United States-United Kingdom trade agreement³⁵ as an example. He had also told Van Zeeland that the lower tariff group proposal would be unacceptable to the British Government almost all of whose treaties contained a most-favored-nation clause.

As regards quotas Great Britain had very few; it was from France that action had to come. Leith-Ross added that he had later talked to Rist³⁶ who had stated that his committee would not finish its report on the 4,000 odd items of the French tariff affected by a change in the quota system until June. Leith-Ross said that he thought that any raising of the French tariff in exchange for elimination of quotas would have to be watched very carefully if excessive tariff increases were not to result.

As regards exchange control Leith-Ross' view was that there were two main difficulties which faced the Danubian countries:

(1) That any relaxing of their exchange control structures which very much required classification and simplification would in turn require exchange readjustments probably down to the lower levels of their rates since many of them had different rates applicable to different countries. This, however, would tend to make rigid a system which was, from their point of view, usefully flexible and this they might well find embarrassing should there be a "landslide" affecting the major countries—"not that I expect there will be, but one never can tell."

(2) The importance of German trade and the desire of Germany to use its exchange control machinery to the fullest extent in the Danubian area created another real difficulty. German trade with the Danubian countries would have to be somewhat rigidly canalized if controls were relaxed or she would acquire all the foreign exchange thereby made available.

³⁵ See vol. II, pp. 1 ff.

³⁶ Charles Rist, French financial expert and adviser to the government.

Leith-Ross said that he had not commented and could not comment specifically on Frère's idea of central bank assistance, that he felt sure that the Bank of England would not be willing to make available any funds whether to the BIS³⁷ or otherwise except in return for a British Government guarantee. Such a guarantee would require an act of Parliament and therefore assumed considerable political importance. For this and other reasons he had suggested to Van Zeeland that it would be desirable for him to go to Italy, France and Germany and discuss his projected report there and then come to London to talk with the Prime Minister.

As regards the second part of the report Leith-Ross said that he had expressed to Van Zeeland great interest in the idea of representatives of the five powers meeting but that he expressed equal repugnance to the idea of setting up a permanent organization which could not but conflict with and duplicate the efforts of the League. He understood of course that such an organization might be more acceptable to Germany and Italy than the League machinery but he could not imagine it being productive of anything but enlightened studies if international collaboration was not forthcoming; if the international collaboration was forthcoming the organization would not really be necessary to success.

I did not gather that Leith-Ross was optimistic about the practical results which would flow from the Van Zeeland report, in fact at one point he expressed sympathy for Van Zeeland for being burdened with this extremely difficult and uncomfortable task. He did show very definite interest in doing something for the Danubian countries and Ashton-Gwatkin stated that the British had told the Czechs that if they were able to work out a preferential arrangement for the Danubian countries, the British Government would waive its most-favored-nation rights. He cited as an example of the tendency which he hoped to reverse the fact that 10 years ago Hungary exported 17 percent of its produce to Czechoslovakia while today it only sends 3 percent.

Questioned about ways and means of international collaboration Leith-Ross showed more than passing interest in the possibility that should Germany and Italy make such reservations to the questionnaire to be submitted to the five powers as to rob it of practical importance they might be led to the point of giving their blessing to, instead of opposing as they now did, an attempt to bail out some of the Danubian countries.

Leith-Ross said he personally believed that if Austria, Czechoslovakia and Rumania could "get together" that in turn would largely make possible the "inclusion" of Yugoslavia and Hungary. He added

³⁷ Bank for International Settlements.

that he saw no reason why Rumania should maintain exchange controls except to provide "graft" for the central bank.

Leith-Ross said that the Prime Minister was very much interested in the problems covered by the Van Zeeland report and he hoped that he and Van Zeeland would have a productive talk. He offered to pass on any further information made available through Van Zeeland's visit and at the same time he referred to Mr. Welles' conversation with Van Zeeland and expressed considerable interest in our attitude to the report. In particular he mentioned the problem of representation if a five power meeting were held in Brussels and said that from the British Government's point of view it also presented difficulties: It would not be appropriate for himself or Ashton-Gwatkin to attend unless the character of the meeting was changed to a purely technical type and of a preliminary nature; otherwise a responsible cabinet official should represent the British Government preferably the Prime Minister, but he doubted whether the Prime Minister in the given circumstances could or would be willing to go.

JOHNSON

STATEMENT ON FUNDAMENTAL PRINCIPLES OF INTERNATIONAL POLICY BY THE SECRETARY OF STATE, JULY 16, 1937, AND COMMENTS OF FOREIGN GOVERNMENTS

711.00 Statement July 16, 1937/10

Memorandum by the Assistant Chief of the Division of Current Information (Bucknell)

No. 124

[WASHINGTON, July 16, 1937.]

At the press conference this afternoon the Secretary informed the correspondents that he had prepared a statement for the press¹ which would be universally applicable to any disturbed situation anywhere in the world. In explanation and as Background for the statement he desired to inform the correspondents Off The Record that he had been in the receipt of various inquiries as to whether we have been asked to invoke the Nine Power Treaty^{1a} or some other treaty to which we are parties which may or may not be affected by the Far Eastern situation. He explained that it is very difficult at this stage to know exactly what is taking place in China. We receive masses of despatches mixed with reports and rumors; we are not yet certain as to just what extent either or both sides are endeavoring to localize this controversy or just what the chances of success to this end may be; if efforts to localize the situation are not successful, we do not know at the moment what occasions there may be for conferences between the Central Chinese Government and Japanese officials. In any event, as the correspondents were aware, both the Chinese and Japanese authorities have been earnestly protesting any purpose on either part to bring about a general state of hostilities. He thought that the correspondents would agree that when the stage has been reached at which we would invoke the Nine Power Treaty such action would be the discrediting of present peaceful professions of either or both parties and furthermore we would then have passed the stage where we could use all our efforts to aid in any such peaceful adjustment as might be feasible and practicable. For these reasons, at the moment we are doing everything and saying everything that we can which is

¹ *Infra.*

^{1a} Treaty signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. I, p. 276.

calculated to aid in encouraging a peaceful outcome of the present controversy.

A correspondent asked if what had been said above is for publication directly or indirectly. The Secretary replied in the negative and said that he had given this explanation in order that the correspondents might clearly understand why it is not feasible to step out and invoke the Nine Power Treaty before we have received the full facts of the situation and while both parties to the dispute are still protesting their peaceful purpose. Such action, he added, would negative all efforts for peace. Furthermore the prospects of the situation being kept peaceful will be seriously harmed when we in this country or officials in some other country step out ahead of the game and talk of invoking pacts before we have reached the stage of such invocation which may or may not be applicable to the situation. A correspondent again asked if this explanatory statement was definitely not for publication since he wanted to be sure there was no misunderstanding among the correspondents present. The Secretary replied that his explanation was not for publication, directly or indirectly, nor should the correspondents use it For Attribution. He added that if developments of the situation should justify it that he would talk with the correspondents again on the matter.

A correspondent asked if he was to understand that the Secretary's prepared statement is of general application, or is he to understand that the statement does not have reference to the situation in the Far East. The Secretary replied that his statement applies universally.

A correspondent said that while he appreciated very much the Secretary's explanation, correspondents are placed in an embarrassing position in view of the fact that the Chinese Ambassador and the Japanese Counselor visited the Department today and further in view of the fact that news appears to be coming in on the Far Eastern situation which would make it necessary for them to write some sort of a story. The Secretary said that he wanted to emphasize to the correspondents that no action has yet been taken by this Government with regard to the situation in China. A correspondent asked if he could go so far as to say that it was understood that the State Department was attempting to assist in reaching a peaceful adjustment of the Chinese controversy and was using its good offices to this end but were contemplating no further action. The Secretary replied that he doubted if this was just the way to write the story and continued *Off The Record* that we have not yet reached the stage where we have sufficient definite tangible facts on which to predicate deliberate conclusions with regard to the operation of the Nine Power Pact. He added that naturally, representatives of this Government have been exchanging views on all of these various phases since the very begin-

ning of the trouble in China but that we have to await the moment that all the facts are carefully developed and analyzed before we could undertake to arrive at accurate decisions.

A correspondent asked if the Secretary would be good enough to read his statement to the press so that if any correspondents had any questions with regard to it they could ask them at once. The Secretary then read his statement which was in the form of a press release. The correspondents then said that his statement answered the questions they had in mind.

The Secretary still Off The Record repeated to the correspondents that we are striving earnestly to arouse and promote the spirit of peace wherever such action will be calculated to be most helpful and that incidentally we are striving to keep alive those basic relationships that must underlie a restored international order.

A correspondent asked if the Secretary could say whether or not we have received any requests or communication from Great Britain or other signatories of the Nine Power Pact requesting consultation or even suggesting consultation on the Far Eastern situation. The Secretary replied that he had nothing particularly new on this subject and added that he had given the correspondents a frank and full statement several days ago when he had described the nature of our appeals to both parties in the present controversy. He added that we are naturally informing Great Britain and other Governments of our statements and utterances and that they in turn are exchanging similar information with us.

The Secretary concluded the conference by informing the correspondents that he had repeated his viewpoint to both the Chinese Ambassador and the Japanese Counselor of Embassy when they had visited the Department today, to the effect that any major hostilities in the Far East would be a great blow to world peace and progress.

HOWARD BUCKNELL, JR.

711.00 Statement July 16, 1937/10

Statement by the Secretary of State

[WASHINGTON,] July 16, 1937.

I have been receiving from many sources inquiries and suggestions arising out of disturbed situations in various parts of the world.

Unquestionably there are in a number of regions tensions and strains which on their face involve only countries that are near neighbors but which in ultimate analysis are of inevitable concern to the whole world. Any situation in which armed hostilities are in progress or are threatened is a situation wherein rights and interests of all

nations either are or may be seriously affected. There can be no serious hostilities anywhere in the world which will not one way or another affect interests or rights or obligations of this country. I therefore feel warranted in making—in fact, I feel it a duty to make—a statement of this Government's position in regard to international problems and situations with respect to which this country feels deep concern.

This country constantly and consistently advocates maintenance of peace. We advocate national and international self-restraint. We advocate abstinence by all nations from use of force in pursuit of policy and from interference in the internal affairs of other nations. We advocate adjustment of problems in international relations by processes of peaceful negotiation and agreement. We advocate faithful observance of international agreements. Upholding the principle of the sanctity of treaties, we believe in modification of provisions of treaties, when need therefor arises, by orderly processes carried out in a spirit of mutual helpfulness and accommodation. We believe in respect by all nations for the rights of others and performance by all nations of established obligations. We stand for revitalizing and strengthening of international law. We advocate steps toward promotion of economic security and stability the world over. We advocate lowering or removing of excessive barriers in international trade. We seek effective equality of commercial opportunity and we urge upon all nations application of the principle of equality of treatment. We believe in limitation and reduction of armament. Realizing the necessity for maintaining armed forces adequate for national security, we are prepared to reduce or to increase our own armed forces in proportion to reductions or increases made by other countries. We avoid entering into alliances or entangling commitments but we believe in cooperative effort by peaceful and practicable means in support of the principles hereinbefore stated.

711.00 Statement July 16, 1937/1b : Circular telegram

*The Secretary of State to Certain Diplomatic Representatives
in Europe*²

WASHINGTON, July 17, 1937—2 p.m.

Referring to the statement I issued yesterday which was carried in Radio Bulletin No. 164 of July 16, you are requested to call at the

² Sent to the diplomatic officers in charge in Austria, Belgium, Czechoslovakia, Denmark, France, Germany, Hungary, Italy, Netherlands, Norway, Poland, Soviet Union, Sweden, Switzerland, and the United Kingdom. In telegram No. 35, July 22, 6 p. m., the new Ambassador in Belgium (Gibson) was instructed to convey the same message to the authorities of Luxembourg when he presented his credentials as Minister to that Government (711.00 Statement July 16, 1937/37b).

Foreign Office and say that this statement has no doubt already come to the attention of the Minister for Foreign Affairs and that you would be glad to transmit back to Washington his comment on the principles set forth in the statement and that you would likewise be glad to transmit any information he might wish to give you as to the attitude his Government might have toward keeping alive and making effective the principles featured in the statement.

HULL

711.00 Statement July 16, 1937/2: Telegram

The Chargé in Belgium (Sussdorff) to the Secretary of State

BRUSSELS, July 19, 1937—3 p.m.
[Received July 19—11:22 a.m.]

54. Department's circular July 17, 2 p.m. In the absence of the Belgian Minister for Foreign Affairs, I discussed the substance of your statement contained in Radio Bulletin 164 with the Secretary General of the Foreign Office. He stated:

(1) that the principles set forth in the statement are almost integrally those which have guided and continue to guide the Belgian Government in its foreign policy;

(2) that most of these principles have been stated separately by high Belgian officials in public utterances;

(3) that the Belgian Government is prepared in general to cooperate in advancing the principles in question.

SUSSDORFF

793.94/8832: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, July 19, 1937—5 p.m.
[Received July 19—5:20 a.m.]

210. Department's 216 [116], July 16, 7 p. m.³ The Japanese press carried an extensive summary of the Secretary's statement, based on a Domei report. The *Japan Advertiser* printed the statement entire. No comment by Japanese officials or press has come to the attention of the Embassy except an editorial in the *Nichi Nichi* July 18 incidentally citing the Secretary's statement, asserting that Japanese rights in the present North China incident rest solely on Boxer Treaty⁴ and that Japan is persistently refusing to aggravate the incident, and advising the Japanese Government to continue on its course.

³ Not printed; it transmitted the statement by the Secretary of State, p. 699.

⁴ Signed at Peking, September 7, 1901, *Foreign Relations, 1901, Appendix (Affairs in China)*, p. 312.

A press ban dated July 14 forbids the publication of any item calculated to oppose war or to give the impression that Japanese policy is aggressive. GREW

711.00 Statement July 16, 1937/6 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, July 19, 1937—8 p. m.
[Received July 19—5:45 p.m.]

1007. Reference to my telegram No. 1006, July 19, 6 [7] p. m.⁵ I am not quite certain what sort of reply you wish me to obtain from the French Government.

Do the words "keeping alive and making effective the principles featured in the statement" mean that you would like to have a definite proposal from the French Government which might be the basis for action?

Delbos, Blum and Chautemps⁶ are lunching with me *en famille* on Wednesday July 21 and I should appreciate a confidential instruction. BULLITT

711.00 Statement July 16, 1937/37a : Telegram

The Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, July 20, 1937—6 p. m.

357. Your 1007, July 19, 8 p. m. My statement of July 16 is intended as a statement of principles in which this Government believes and which it advocates for application universally in international relations. It therefore applies in regard to situations in general and situations in particular, thereby including and being applicable to such situations as now exist in and with relation to Spain⁷ and in and with relation to China and Japan.⁸

One way in which any and all governments can contribute toward keeping alive and making effective these principles would be by affirming themselves in accord therewith. Some governments might even wish to add thereto or elaborate thereupon.

Within the statement itself there will be found principles which exclude certain types of action and other principles which call for affirmative methods of application.

I shall be glad to have you explain the matter to French authorities in the sense of the above. HULL

⁵ Not printed.

⁶ Yvon Delbos, French Minister for Foreign Affairs; Léon Blum, President of the Council of Ministers; and Camille Chautemps, Minister of State.

⁷ See pp. 215 ff.

⁸ See vols. iv and v, pp. 1 ff.

711.00 Statement July 16, 1937/150

*Statement by the Czechoslovakian Acting Minister for Foreign Affairs (Hodža) to the American Chargé in Czechoslovakia (Chapin)*⁹

[Translation]

[PRAGUE, July 21, 1937.]

Under existing circumstances, the declarations of Mr. Hull, Secretary of State, assume an extraordinary importance, and may be greeted only with satisfaction, since they help to strengthen democratic impulses in international relations. They are received by Czechoslovak foreign policy with satisfaction all the more inasmuch as Czechoslovakia has observed from the beginning the principles contained in these declarations which make a point of settling conflicts of international concern by pacific understanding and settlement or indeed to emphasize the sacred character of existing treaties and the impossibility of modifying them other than by reciprocal understanding.

It also does not cease to declare the value of the principle for economic understanding among nations to lower or suppress excessive tariff barriers.

I have no doubt that the good faith manifested by the United States to reduce or to increase their own armed force in accordance with the action taken by other States will be received with understanding by all those who have at heart a desire for collaboration by pacific means regarding which the Secretary of State, Mr. Hull, has so well explained the importance.

711.00 Statement July 16, 1937/19b : Circular telegram

*The Secretary of State to Certain Diplomatic and Consular Representatives*¹⁰

WASHINGTON, July 22, 1937—6 p. m.

Referring to the statement I issued July 16 which was carried in Radio Bulletin No. 164 of that date, you are requested to call at the Foreign Office and say that this statement has no doubt already come to the attention of the Minister for Foreign Affairs and that you would be glad to transmit back to Washington his comment on the

⁹ Copy transmitted to the Department by the Chargé in his despatch No. 731, July 21; received August 10.

¹⁰ Sent to the diplomatic officers in charge in Albania, Bulgaria, Canada, Egypt, Estonia, Finland, Greece, Iraq, Irish Free State, Latvia, Lithuania, Portugal, Rumania, Siam, Turkey, Union of South Africa, and Yugoslavia; and to the consular officers at Sydney, New South Wales, Australia, and Wellington, New Zealand. The same as telegram No. 31 on the same date to the Chargé in Iran with the added instruction to request his Afghan colleague to convey the message to his Government at Kabul.

principles set forth in the statement and that you would likewise be glad to transmit any information he might wish to give you as to the attitude his Government might have toward keeping alive and making effective the principles featured in the statement.

HULL

711.00 Statement July 16, 1937/19a : Circular telegram

The Secretary of State to the Diplomatic Representatives in the American Republics

WASHINGTON, July 22, 1937—7 p.m.

Referring to the statement I issued July 16 which was carried in Radio Bulletin No. 164 of July 16, you are requested to call at the Foreign Office and say that this statement has no doubt already come to the attention of the Minister for Foreign Affairs and that you would be glad to transmit back to Washington his comment on the principles set forth in the statement and that you would likewise be glad to transmit any information he might wish to give you as to the attitude his Government might have toward keeping alive and making effective the principles featured in the statement.

Please explain to the Minister for Foreign Affairs that I feel that I may venture the expression of my belief that he and his Government fully share in the support given by this Government to the principles set forth in this statement, many of which indeed formed an essential portion of the agreements reached at the Conference at Buenos Aires for the Maintenance of Peace¹¹ and all of which are consonant with the treaties, conventions and resolutions there adopted. You may say further that it seems to me singularly fitting at this critical time that as many nations of the world as possible make known publicly their support of these principles of international conduct and of policy, and that I would therefore welcome such action as his Government may find it appropriate to take in making known its effective support of them.

HULL

711.00 Statement July 16, 1937/20 : Telegram

The Chargé in Austria (Young) to the Secretary of State

VIENNA, July 23, 1937—5 p.m.

[Received July 23—1 : 50 p.m.]

37. Department's circular July 17, 2 p. m. The Austrian Foreign Secretary having returned to Vienna states that he has studied with

¹¹ See *Foreign Relations*, 1936, vol. v, pp. 3 ff.

interest the statements made by Secretary of State Hull on the 16th instant with regard to the attitude of the United States towards international problems and has noted with satisfaction that the efforts on the part of the United States based on the principles listed by the Secretary of State are serving the same goals that Austrian politicians have set for themselves from the very beginning, that is, the safety and consolidation of just peace in the world. I hope to report more on this subject in the near future.

YOUNG

711.00 Statement July 16, 1937/25 : Telegram

The Ambassador in the Soviet Union (Davies) to the Secretary of State

Moscow, July 23, 1937—8 p.m.
[Received July 24—3:50 a.m.]

188. Your statement of July 16 was brought to the attention of the Foreign Office several days ago in pursuance to your circular telegram of July 17, 2 p. m. The Foreign Office was also advised that the Embassy would be glad to transmit back to Washington Mr. Litvinov's¹² comments on the principles set forth in the statement. In response to an inquiry the Foreign Office was informed that in bringing this matter to Mr. Litvinov's attention the Embassy was acting in accordance with your instructions.

Mr. Litvinov today handed the Embassy his comments in writing, a translation of which reads as follows:

"Mr. Litvinov requests that his thanks be transmitted to Mr. Hull for the kind communication to him of the statement made by Mr. Hull to the press, a statement, the significance of which does not escape his attention. He was the more interested in acquainting himself with the statement of Mr. Hull in view of the fact that it is in accord with the general position of the Soviet Government with respect to the questions therein touched upon. There is no doubt that tension, conflicts, and frictions in international relations, and particularly menaces of hostile clashes, even though at first affecting only two or a few powers, are likely eventually to affect the rights and interest of all nations. This view has found expression in the principles of indivisibility of peace and of collective security advanced by Mr. Litvinov at the League of Nations.

Mr. Litvinov shares the other views contained in the statement of Mr. Hull, which are in harmony with the principles which the Soviet Government is not only propagating but also carrying out in its foreign policy, principles such as the abstinence of all nations from use of force in pursuit of policy and from interference in the internal affairs of other nations, the adjustment of international problems

¹² Maxim Litvinov, Soviet Commissar for Foreign Affairs.

exclusively by processes of peaceful negotiations and agreements, the faithful observance of international agreements, the modification of the conditions of treaties only by amicable agreements of the interested powers, the equality of all nations, the reduction of armaments, and so forth. In particular the Soviet Government presented at Geneva as far back as 10 years ago a plan for complete general disarmament and also for a partial reduction in armaments.¹³ Furthermore the Soviet Government, again at Geneva, presented a proposal for the organization of a permanent peace conference¹⁴ within the framework of which the cooperative efforts mentioned in Mr. Hull's statement could be exerted. In practice, the present international situation, full of threats to general peace, arising now in one, now in another continent, demand, in the opinion of Mr. Litvinov the most energetic counteractivity on the part of all nations. This counteractivity, in addition to an activation of the League of Nations may take different forms, as for example, regional pacts of mutual assistance and other accords. Considerable significance among the number of these forms is ascribed by Mr. Litvinov to simultaneous and periodical manifestations of [solidarity] and a will to peace on the part of all nations sincerely devoted to the idea of preserving peace. Mr. Litvinov is sure that the Soviet Government will always be ready to take part in such manifestations as to contribute its bit to the very important cause of international pacification."

The Foreign Office said that it would like to give both statements to the press and asked if there would be any objections thereto. The Embassy suggested that no announcement be made until after it has obtained your views with respect thereto. It would be appreciated if you could advise the Embassy if possible before July 25 whether you would object to the issuance of a communiqué by the Foreign Office.

DAVIES

711.00 Statement July 16, 1937/56 : Telegram (part air)

The Chargé in Hungary (Travers) to the Secretary of State

BUDAPEST, July 24, 1937—10 a. m.

[Received July 27—9:30 a. m.]

36. Department's circular telegram July 17, 5 [2] p. m. Following *note verbale* dated July 23rd received from Foreign Office.

"The Royal Hungarian Government is glad to note that the Government of the United States—starting from the correct standpoint,

¹³ Resolution submitted November 30, 1927, to the Preparatory Commission for the Disarmament Conference; see League of Nations, *Documents of the Preparatory Commission for the Disarmament Conference*, Series V (C.667.M.-225.1927.IX.), p. 11. See also telegram dated February 25, 1928, 10 a. m., *Foreign Relations*, 1928, vol. I, p. 240.

¹⁴ See telegram of May 29, 1934, midnight, from Geneva, *Foreign Relations*, 1934, vol. I, p. 78.

id est, that tensions and disquieting symptoms appearing in any part of the world necessarily affect the interests of all the other countries—shows an interest in the political and economic problems of distant regions and therefore also in those of the Danube basin.

The Hungarian Government notes with appreciation and approval those principles which Secretary of State Hull for the sake of preserving world peace deemed necessary to enunciate in this statement and to bring the same to the knowledge of public opinion throughout the world, and the more so since the Hungarian Government recognizes in several instances the principles of its own policy. For this very reason the Royal Hungarian Government is pleased to fulfill the request for its reactions concerning the principles involved. It goes without saying, however, that it considers these principles primarily from the point of view of the peculiar problems of Hungary and of the Danube valley in which Hungary politically and economically is eminently interested.

According to the statement it is believed desirable that problems arising in international relations should be solved by peaceful negotiation and agreements and it is emphasized at the same time that the principle of the sanctity of agreements does not exclude, should the need therefor arise, the modification of certain treaty provisions.

The Hungarian Government has nothing to add to this desideratum, the Hungarian Government has never made it a secret that it does not consider as final the situation created in the Danube valley by the peace treaties and that it is aiming at the just and equitable change thereof. It has never failed, however, to emphasize that it intends to carry out its aim exclusively by peaceful means and by what appears to the Hungarian Government unavoidable peaceful evolution, and by having recourse to the means expressly guaranteed in Article 19 of the Covenant of the League of Nations.¹⁵

Another paragraph advocates the sanctity of treaties and the observance of international agreements. This principle the Hungarian Government accepts in its entirety, the more so because it has never given in this respect reason for complaint, which can be proven by the fact that it has always respected and carried out even those heavy obligations which it was forced to accept in the treaty of Trianon.¹⁶ The Hungarian Government in stating this with the calmest conscience regrets to state on the other hand that those states which benefited by the treaty of Trianon did not take the same standpoint and repeatedly disregarded such treaty agreements as were exceptionally disadvantageous to them. It is a well known fact that the states in question did not respect from the beginning those international agreements by which they were called upon to insure the rights of the Hungarian minorities living in former Hungarian territories turned over to them by the treaty of Trianon.

The very same states consecutively sabotaged and even sabotage today the few provisions of the treaty of Trianon which are favorable to Hungary as for instance Article 250 which was intended to protect

¹⁵ *Foreign Relations*, The Paris Peace Conference, vol. XIII, pp. 69, 92.

¹⁶ Signed June 4, 1920, *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3539.

by means of courts of arbitration the material interests of Hungarian citizens in the territory of the succession states.

As concerns the necessity for the restriction of armaments and the necessity for disarmament the Hungarian Government wishes to emphasize that—as it must be known to the Government of the United States—the one-sidedly disarmed Hungary has tried sincerely ever since the close of the World War to promote also on its part the practical carrying out of the promises contained in the peace treaties and the Covenant of the League of Nations concerning general disarmament, and quite certainly Hungary cannot be blamed for the fruitless efforts spent in that direction by the Disarmament Conference.¹⁷

Hungary until now has not followed the example of Germany and Austria which states as is known have unilaterally declared null and void those provisions of the peace treaties which restricted—visualizing a general disarmament—their armaments. Hungary not wishing to expose the already overheated international atmosphere to another test, has refrained until now from such unilateral moves, although it cannot be disputed that it has regained its free hand in this field partly on account of the fiasco of the Disarmament Conference and partly on account of the grand scale rearming in the whole world—especially in the Little Entente states surrounding Hungary, in strong opposition to the text and spirit of Article 8 of the Covenant of the League of Nations—and could rightly claim military equality on legal as well as on moral principles.

As concerns the economic aspects of the statement the Hungarian Government declares that on its part it will support with the greatest willingness all efforts for the improvement of the economic situation of the world either by the gradual elimination of the restrictions of international trade or by the enforcement of any other suitable means.”

Baron Apor¹⁸ told me he had nothing to add to the above.

TRAVERS

711.00 Statement July 16, 1937/28 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, July 24, 1937—11 a. m.

[Received July 24—10 a. m.]

345. Department's circular telegram July 17, 2 p. m., and my 340, July 21, 4 p. m.,¹⁹ last paragraph. The Director General in charge of American Affairs at the Foreign Office called to the Ministry this morning a member of the Embassy and informed him that he had been charged by the Minister for Foreign Affairs to notify the Em-

¹⁷ Conference for the Reduction and Limitation of Armaments which first met at Geneva in 1932; see *Foreign Relations*, 1932, vol. I, pp. 1 ff., and successive years thereafter.

¹⁸ Hungarian Minister for Foreign Affairs.

¹⁹ Not printed.

bassy that Count Ciano had studied very carefully the Secretary's statement of July 16th and while there were certain points on which his Government would find agreement there were others which would require further consideration and discussion. Count Ciano, therefore, expressed the view that he did not feel that he was in a position at the present time to give any detailed comments on the principles set forth in the statement or information on the attitude of the Italian Government in regard thereto. In stating the foregoing the Director General gave the impression that Count Ciano did not feel inclined to comment himself on the basis of the inquiry made in pursuance of the Department's circular of July 17th but that formal representations might evoke a more direct response. In conclusion, he indicated that in the event that the Embassy should receive any further instructions on the matter Count Ciano would be glad to be informed.

In the course of a brief discussion which followed, the Director General noted in particular the agreement by exchange of notes in the Secretary's statement to the limitation of armaments and the promotion of economic stability and in that connection referred to Mussolini's statements in the Simms interview as to the convocation of an arms limitation conference on the initiative of the President of the United States.²⁰ He then emphasized the importance of the limitation of armaments not only in the general interest of peace but also in relation to the grave economic problems confronting all countries engaged in the armaments race, and added that in his opinion the United States was the only country which was in a position to take the initiative in a world project for the organization of peace and the promotion of economic recovery.

PHILLIPS

711.00 Statement July 16, 1937/26 : Telegram

The Ambassador in Poland (Biddle) to the Secretary of State

WARSAW, July 24, 1937—noon.

[Received 2:20 p. m.]

94. Your circular telegram July 17, 2 p. m. My 92, July 22, 5 p. m.²¹ In yesterday's conference with Colonel Beck²² he expressed appreciation for the compliment of your inviting his opinion in respect to your statement to us in Radio Bulletin No. 164, July 16 and authorized me to quote him in effect as follows:

²⁰ See telegram No. 244, May 25, noon, from the Ambassador in Italy, p. 655.

²¹ Not printed.

²² Polish Minister for Foreign Affairs.

(1) He was both sympathetic to and in accord with the principles set forth in your statement which he considered an effective and forceful blending of the highest ideals and realism. The very fact that it represented a middle course between these two made it especially forceful and he looked for it to serve as an effective means towards creating a code of international opinion. Indeed it was now vitally important to establish such a code to serve as an important influence on the policies of all nations with a view eventually to forcing in line those states which might not adhere thereto.

(2) He was emphatic in stating he was doing everything in his power "to keep peace in my part of the world" and hoped this was fully realized by the United States.

(3) He was touched by the complimentary remarks regarding his efforts to keep peace in this part of Europe which you recently made at Washington to Sokolowski, Under Secretary of State in the Ministry of Industry and Commerce.

BIDDLE

711.00 Statement July 16, 1937/34 : Telegram (part air)

The Minister in the Netherlands (Emmet) to the Secretary of State

THE HAGUE, July 24, 1937—noon.

[Received July 26—5:45 a. m.]

61. Department's circular July 17, 2 p. m. Premier and Acting Minister of Foreign Affairs Colijn sends the following reply:

"The Prime Minister has taken cognizance with great interest of Mr. Hull's statement of July 16. Dr. Colijn is much impressed by the happy wording of this vade mecum of whoever means well with the future of the human race, and there is not one point contained therein which is not an element of traditional Netherlands policy. The statement seems particularly valuable because it neither sides exclusively with vested interests nor with justifiable aspirations, striking as it does a happy medium between the respect due to established rights and the heed to be paid by any statesman worthy of that high name, to new forces in the international field. Mr. Hull has put before the world a number of momentous questions of an urgent nature of which perhaps that of disarmament with its manifold implications in the field of economics as well as of politics seems the most pressing. Dr. Colijn is also deeply convinced that international organization as it exists today cannot remain unamended for long without gravely imperilling the future and he feels sure that the Netherlands will at all times be ready and happy to contribute actively towards improving international institutions. His hope lies in the ability of those vested with authority to implement the principles contained in Mr. Hull's statement in order to obtain practical results and he will be glad to cooperate actively to that end".

EMMET

711.00 Statement July 16, 1937/25: Telegram

*The Secretary of State to the Ambassador in the Soviet Union
(Davies)*

WASHINGTON, July 24, 1937—2 p. m.

110. Your 188, July 23, 8 p. m. My plan has been to get the maximum beneficial effect by assembling replies from all governments and publishing them en bloc. I should thus prefer to defer publication and arrange with Moscow for a later simultaneous release, although I do not feel I can insist thereon.

HULL

711.00 Statement July 16, 1937/29: Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, July 24, 1937—2 p. m.

[Received July 24—11:30 a. m.]

1038. I had a long talk with Delbos yesterday afternoon in the course of which he commented on each sentence of your statement to the press of July 16, 1937. He expressed whole-hearted agreement with your views. With regard to two sentences however he said that while he was in complete agreement in principle he had certain reservations.

First, France could not make a public statement in the words of your sentence beginning "Upholding the principle of the sanctity, et cetera." Such a statement by France at the present time would lead Germany at once to demand an alteration of the *status quo* of Austria and Czechoslovakia. In point of fact France was ready to agree to any alterations within reason which might serve to preserve peace. He had indicated to Schacht²³ that France was ready to discuss the return of colonies taken from Germany by the Treaty of Versailles²⁴ and the world would be surprised by the economic sacrifices that France was ready to make for peace. France would make such sacrifices however only if there seemed to be a great chance to establish genuine peace. If there should seem to be no such chance France would not give up one inch, one cent or one right.

Second, the second sentence with regard to which Delbos expressed reservation was that reading "We believe in limitation and reduction of armament." Any reduction or limitation must of course be mutual.

²³ Hjalmar Schacht, German Minister of Economic Affairs and President of the Reichsbank.

²⁴ Signed June 28, 1919, *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, p. 55.

Moreover on behalf of France's friend, Great Britain, he felt obliged to express the reservation that it would not be fair now to stop British rearmament. Great Britain had refrained from rearming for a long time and should not be penalized therefor. Moreover he had doubts with regard to the possibility of controlling limitation of armaments in Germany. He felt however that a formula could be found which would give scope for Great Britain's legitimate desire to rearm and would cover control of limitation.

Delbos went on to say that France had no intention now of proposing any scheme for general world settlement.

BULLITT

711.00 Statement July 16, 1937/30: Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, July 24, 1937—2 p. m.
[Received July 24—11:30 a. m.]

1039. Continuing my 1038. In this respect France was as cautious as the United States. He believed that the problem should be attacked first on the economic and financial side. He still had great personal confidence in Van Zeeland²⁵ and hoped that he might be able to devise some scheme which might meet with general approval. Spaak²⁶ would reach Paris today in company with the King of the Belgians. He would say to them that he believed the correct line of procedure would be for very private and secret conversations to take place first between England, France and the United States.

If accord could be reached between these powers an open conference should then take place to which Germany and Italy and the small states which had adhered to the Tripartite Monetary Agreement²⁷ should be invited. He did not mention the Soviet Union or Poland thus indicating that he was following Chautemps' leadership rather than Blum's (see my 1024, July 21, 9 p. m.²⁸).

Delbos then said that Van Zeeland had expressed a desire to come to Paris to see him in the near future and added that the three of us could discuss then Van Zeeland's plans and projects.

Incidentally Delbos said that Eden²⁹ had telephoned him yesterday afternoon to ask if he would approve an appeal to the smaller powers represented in the Spanish Rhine [*Non-Intervention?*] Committee in

²⁵ Paul van Zeeland, Belgian Prime Minister.

²⁶ Paul Henri Spaak, Belgian Minister for Foreign Affairs and for Foreign Commerce.

²⁷ For correspondence regarding Tripartite Financial Stabilization Agreement by the United States, France, and the United Kingdom, see *Foreign Relations*, 1936, vol. 1, pp. 535 ff.

²⁸ Not printed.

²⁹ Anthony Eden, British Secretary of State for Foreign Affairs.

the form of a questionnaire asking them what they advised and what they were ready to do. Delbos said he had replied that he was ready to agree to any scheme Eden might devise so long as Eden would keep constantly in mind that the withdrawal of "volunteers" from Spain must precede all other measures.

BULLITT

711.00 Statement July 16, 1937/31 : Telegram

The Ambassador in Argentina (Weddell) to the Secretary of State

BUENOS AIRES, July 24, 1937—4 p. m.

[Received 4:45 p. m.]

109. Department's circular July 22, 7 p. m. I today saw the Minister for Foreign Affairs, communicated to him the pertinent portions of this circular and gave him a copy of your statement of July 16. He said he had not seen this but after hastily reading it expressed his general approval adding that he would like to meditate the matter and asked me to see him again on Monday afternoon when he hoped to give me in writing his views and reactions to your statement. I emphasized your desire with regard to making known publicly his Government's support of these principles of international conduct and policy.

WEDDELL

711.00 Statement July 16, 1937/177

The Minister in Norway (Harriman) to the Secretary of State

No. 13

OSLO, July 24, 1937.

[Received August 12.]

SIR: I have the honor to refer to the Department's circular telegram of July 17, 1937, 2 p. m., relative to its desire to obtain an expression of view from the Norwegian Foreign Minister respecting the principles set forth in a statement made by the Secretary of State on July 16 concerning the foreign policy of the United States.

At the first opportunity, following the receipt of the above-mentioned telegram, I requested an appointment with Foreign Minister Koht, which was promptly accorded. The substance of our ensuing talk was transmitted to the Department by telegram No. 28 of July 20, 12 noon.³⁰

In amplification of that message, it may be stated that Mr. Koht evinced very definite interest in Secretary Hull's statement, of which he had already been apprised. He was, however, desirous of reading at leisure the text as given in the Department's radio bulletin No. 164,

³⁰ Not printed.

so I supplied it to him for study. Mr. Koht indicated that the press in Oslo and elsewhere had manifested a great deal of curiosity in the Secretary's pronouncement which newspaper men had interpreted as foreshadowing American intervention in the Far East. The Foreign Minister, on the contrary, professed to give the statement no such dramatic significance, since he did not find it menacing, but rather understood it to constitute merely a friendly warning. He had expressed this belief to the journalists who had consulted him.

Mr. Koht, moreover, showed himself altogether sympathetic with the principles enunciated in the Secretary's statement, and had found in it nothing which could be considered not in general accord with the policy of the Norwegian Government. In his view, Norway has shown itself decidedly active in furthering a policy of peace in harmony with the principles set forth by Secretary Hull.

In regard to the economic implications of the Secretary's observations, Mr. Koht felt that he could approve of all measures making for liberation of trade. The days of *laissez faire* were definitely over and some sort of governmental guidance had become indispensable. The Oslo Convention between the Northern States, the Netherlands, and the Belgo-Luxembourg Economic Union,³¹ with the additions which had just been accepted by his own Government, he considered as paralleling, in a measure, the trade policies of the Secretary of State. The Oslo Convention did not go so far as the Secretary seemed willing to go, and was more consultative than active. Mr. Koht, indeed, considered Secretary Hull as remarkably liberal and probably more so than the signatories to the Convention, although he, himself, was personally equally advanced in thought.

Respectfully yours,

FLORENCE J. HARRIMAN

711.00 Statement July 16, 1937/219

*The Paraguayan National Chancellery to the American Legation
in Paraguay*³²

[Translation]

[ASUNCIÓN, July 26, 1937.]

In presence of the international tension that in different parts of the world jeopardizes the tranquility of peoples, it is fitting to make a reaffirmation of the principles and norms of peace and law on which repose the pacific neighborliness and the solidarity of Nations.

Paraguay views, with the greatest interest, the necessity of upholding the faithful observance of such principles and norms of the

³¹ Signed December 22, 1930, League of Nations Treaty Series, vol. cxxvi, p. 341.

³² Copy transmitted to the Department by the Minister in Paraguay in his despatch No. 431, August 2; received August 19.

pacific destiny of Nations, putting aside the use of violence as a means of obtaining ends of high internal or external policy.

In such a sense, any policy tending to promote peace, security and justice for peoples, is worthy of the support of Paraguay and constitutes a proper objective of its pacific policy.

The July 16 declarations of the Secretary of State of the United States, Mr. Cordell Hull, affirm doctrines of peace and law which would promote international tranquility, and deserve, in consequence, the assistance of those bodies that defend the peace of Nations as an auspicious benefit to the human race.

711.00 Statement July 16, 1937/45 : Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHERAN, July 27, 1937—11 a. m.

[Received 3:12 p. m.]

57. Your telegram No. 31, July 22, 6 p. m.³³ Radio Bulletin 164 only received yesterday. In an interview with the Minister of Foreign Affairs this morning I handed him a copy of the statement and communicated to him verbally your desire to be informed of his reactions to it. He had not seen it nor did he know of its existence as no reference to it had appeared in the local press. See in this connection Legation's telegram No. 52, July 17, 11 a. m.³⁴

The Foreign Minister said he would study your declaration of policy very carefully and let me know his considered opinion shortly. He asked me to tell you at once that he was in hearty agreement with the principles you announce but he anticipated difficulties in connection with reduction of armaments and the removal of trade barriers until all governments were of the same opinion.

I also called on the Afghan Chargé d'Affaires and left with him a copy of the statement which he promised to forward immediately by mail to his Minister of Foreign Affairs.

ENGERT

711.00 Statement July 16, 1937/37 : Telegram (part air)

The Minister in Sweden (Dearing) to the Secretary of State

STOCKHOLM, July 27, 1937—1 p. m.

[Received July 28—8:55 a. m.]

68. Referring to your circular July 17, 2 p. m. and to the Legation's 64, July 20, 10 a. m.,³⁵ Mr. Sandler has sent me a memorandum (in English) which reads as follows:

³³ See circular telegram of same date and footnote 10, p. 703.

³⁴ Not printed.

³⁵ Latter not printed.

"Mr. Sandler has read with much interest Mr. Cordell Hull's statement of July 16th, 1937. On receiving the text of the statement from the American Chargé d'Affaires at Stockholm, Mr. Sandler stressed its importance in view of both its contents and the time at which it was made. Reaffirming this statement Mr. Sandler desires to express his entire concurrence in the general principles set forth by Mr. Hull.

Referring to Mr. Hull's concluding declaration concerning the avoidance of alliances or entangling commitments and belief in cooperative effort, Mr. Sandler wishes to make the following observations.

(1) Mr. Sandler calls attention to the interest manifested by the Swedish Government in such a development of the practice of the League of Nations as to facilitate cooperation with non-member states. Mr. Sandler points to the fact that with this in view special interest is shown here in Article 10³⁶ of the Covenant of the League.

(2) Mr. Sandler wishes to state with reference to the problem of the reduction of armaments that although at the present moment circumstances do not offer much possibility of reduction or a limitation of armaments, it is urgent to continue the work in this field, devoting it first of all to the question of the supervision of the manufacture of and trade in arms. In this connection Mr. Sandler would recall the suggestions concerning national supervision of the manufacture of and trade in arms made by the Swedish representative at the meeting of the Bureau of the Conference for the reduction and limitation of armaments at Geneva on May 31, 1937³⁷ as well as the idea of concluding a convention on the control of armaments limited to certain countries, referred to by the Swedish representative on the same occasion.

(3) With reference to the problem of economic security Mr. Sandler wishes to recall the recent agreement reached between the Oslo powers³⁸ and the interest manifested by them in other states making efforts along the same lines. Mr. Sandler feels that any progress, however limited its immediate scope may be, attained by means of agreements between states likely to join in these efforts is of greater value than the convening of international conferences. Mr. Sandler would stress that decisive importance is attached here to the outcome of the Anglo-American negotiations concerning an agreement conceived in the spirit of the commercial treaties concluded by the United States in recent years. Stockholm July 24th, 1937."

DEARING

711.00 Statement July 16, 1937/44 : Telegram

The Chargé in Lithuania (Kuykendall) to the Secretary of State

KAUNAS, July 27, 1937—4 p. m.

[Received July 27—1:50 p. m.]

18. Your July 22, 6 p. m. Minister for Foreign Affairs advised me this morning that Lithuanian Government supports the principles featured in your statement of July 16 which he considered are indis-

³⁶ *Foreign Relations*, The Paris Peace Conference, vol. XIII, p. 83.

³⁷ See pp. 1 ff.

³⁸ Signed May 28, 1937, by Belgium, Denmark, Luxembourg, Norway, Netherlands, and Sweden; League of Nations Treaty Series, vol. CLXXX, p. 5.

pensable for the maintenance of peace but he stated that the Lithuanian Government would not be adverse to entering into future commitment within the framework of the League of Nations for regional guarantees to insure maintenance of peace and security. Lithuanian Government continues to affirm its faith in the League of Nations which might act as instrument to keep alive and make effective the principles featured in your statement.

KUYKENDALL

711.00 Statement July 16, 1937/157

The Chargé in Hungary (Travers) to the Secretary of State

No. 762

BUDAPEST, July 27, 1937.

[Received August 10.]

SIR: I have the honor to refer to the Department's circular telegram of July 17, 5 [2] p. m. instructing the Legation to communicate to the Hungarian Foreign Office the statement made by the Secretary on July 16th. The Foreign Minister was out of town at the time that the Department's telegram was received, but I saw the Acting Chief of the Political Section on Monday, July 19th, and left with him an *Aide-Mémoire*, copy of which is enclosed herewith.⁸⁹ The written reply from the Foreign Office was received on July 24th and was forwarded to the Department through London by the Legation's telegram No. 36 of July 24, 10 p. m. [*a. m.*]⁸⁹

On July 21st Professor Francis Déak, a Hungarian subject who is a professor in the School of Law at Columbia University, had a long conversation with the Foreign Minister, at which time the Secretary's statement was rather fully discussed. The Foreign Minister, after showing Professor Déak a copy of the *Aide-Mémoire*, asked his opinion regarding the significance of the following sentence:

"There can be no serious hostilities anywhere in the world which will not one way or another affect interests or rights or obligations of this country."

The Foreign Minister prefaced his remarks to Déak by saying that he understood the foreign policy of most European countries, but that he sometimes failed to understand the policies enunciated by Great Britain and by the United States. He then asked Déak if he thought that the above-quoted sentence meant that the United States was prepared to enter into international consultation on questions which might be considered to affect the interests, rights, or obligations of that country. The Foreign Minister said that he realized that the United

⁸⁹ Not printed.

States was a party to the Kellogg Pact,⁴⁰ but he looked upon the Kellogg Pact as merely an expression of policy and did not see that it embodied any means or methods for implementing its provisions. Déák agreed with de Kánya with respect to the Kellogg Pact, but pointed out to him that the United States was also a party to the Anti-War Treaty on Non-Aggression and Conciliation signed at Rio de Janeiro on October 10, 1933.⁴¹ Déák stated that he was of course not in a position to state what was in the mind of the Secretary of State when he wrote the above-quoted sentence, but he did believe that it was a sincere expression of American policy and that at least Mr. Hull, as Secretary of State, would be prepared to enter into any international consultations which might be expected to assist in the maintenance of world peace.

Mr. de Kánya asked if Déák thought that the United States would protest if Hungary were occupied by foreign forces and if the United States would be prepared to enter into any consultation which might take place as a result of such occupation and protest. Déák reiterated his belief that the statement of the Secretary of State was absolutely sincere and said that the United States would go at least as far in Central Europe as it had gone in the Manchurian and the Abyssinian affairs.⁴² He told the Foreign Minister, however, that he was perfectly sure that the United States would not send a single gunboat or soldier to Central Europe in such an eventuality as that mentioned by the Foreign Minister.

I asked Professor Déák if he gained any impression that Mr. de Kánya had consulted the Italian, German, or any other foreign Government before sending his comments on the Secretary's statement. Déák answered in the negative.

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On July 24th Professor Déák went to see Count Stephen Bethlen,⁴³ who also discussed the Secretary's statement. Count Bethlen had before him a full copy of the statement which had been sent to him by the Foreign Office. Although he did not say so to Déák, it is also probable that Count Bethlen had been consulted by Mr. de Kánya with regard to the Hungarian Government's reply as Count Bethlen had spent several hours with Mr. de Kánya on July 22nd. Count Bethlen made brief reference to the contents of the statement in his conversation with Déák and he, too, stressed the importance of the

⁴⁰ Treaty for the Renunciation of War, signed at Paris, August 27, 1928, *Foreign Relations*, 1928, vol. I, p. 153.

⁴¹ *Foreign Relations*, 1933, vol. IV, p. 234.

⁴² See respectively "The Far Eastern Crisis", *Foreign Relations*, 1931, vol. III, pp. 1 ff., *ibid.*, 1932, vol. III, pp. 1 ff., and vol. IV, pp. 1 ff.; "Ethiopian-Italian Conflict", *ibid.*, 1935, vol. I, pp. 594 ff., and *ibid.*, 1936, vol. III, pp. 34 ff.

⁴³ Hungarian political leader, and Premier April 14, 1921-August 19, 1931.

sentence regarding the effects on American interests, rights, and obligations of serious hostilities in any part of the world. Count Bethlen asked Déak particularly with regard to the significance of the word "obligations" which, he said, was unusual in statements of this nature made by American statesmen since the World War.

The local papers published the Secretary's statement in full on July 17th under headlines which gave the impression that the statement was intended to apply only to the Far East. No mention was made of the fact that the Secretary had denominated it as being of world-wide application.

Respectfully yours,

HOWARD K. TRAVERS

711.00 Statement July 16, 1937/153

*Memorandum by the Chargé in Portugal (Fernald)*⁴⁴

By appointment, I called at 4-30 P. M. today on Mr. Sampayo, the Secretary-General of the Foreign Ministry. He was out of town from Friday to Monday and, after the appointment was made on Monday afternoon, I sent to Mr. Sampayo a personal note enclosing a paraphrase of the Department's circular telegram of July 22, 6 P. M., and a copy of the Statement of Mr. Hull, carried in the Paris radio bulletin of July 17th.

When I entered Mr. Sampayo's office he brought out the papers I had sent him, which he had evidently read over. He commented that he must agree in principle with the statements made by Mr. Hull; then mentioned that the terms "economic security" and particularly "effective equality of commercial opportunity" could bear definition or elaboration. He stated that he must bring the declaration to the attention of the President of the Council, and that further comments might, perhaps, be forthcoming at a later date.

He then asked me to define "self-restraint", and I suggested that one meaning is "not to act on impulse"; he commented: "we never do that". With regard to "adjustment of problems" he mentioned that one of the clauses of the Constitution of Portugal requires arbitration. He stated that he is interested in the phrases "equality of—opportunity" and "equality of treatment". He then read aloud the phrase "toward keeping alive and making effective the ground featured in the statement", toward which I pointed my finger, and he stated that Portugal desires peace.

R. F. FERNALD

LISBON, July 27, 1937.

⁴⁴ Copy transmitted to the Department by the Chargé in his despatch No. 1354, July 27; received August 10.

711.00 Statement July 16, 1937/99

*Memorandum by the Uruguayan Minister of Foreign Relations
(Espalter) to the American Minister in Uruguay (Lay)*⁴⁵

[Translation]

The Minister of Foreign Relations takes pleasure in acknowledging the receipt from His Excellency the Minister of the United States of America of the Memorandum dated the 23d of the current month, in which he informed him of the receipt of telegraphic instructions from His Excellency the Secretary of State of the United States of America in regard to his statement formulated the 16th of the current month with respect to the position of his Government in regard to the disturbed conditions which exist in various parts of the world.

The Minister of Foreign Relations has read with profound interest the noble declarations of the Secretary of State, which embody the identical generous spirit and the same ideals of pacification which he expressed in the memorable debates of the Inter-American Conference for the Consolidation of Peace celebrated at the end of the past year in the Argentine Capital.

He notes with sincere satisfaction that the step which the Secretary of State has taken in transmitting his statement to the Uruguayan Chancellery is closely bound up with the principles which inspired the agreements signed in Buenos Aires, and by which it was desired to facilitate the methods of consultation with respect to international developments capable of disturbing the peace.

In general, this Government is in complete agreement with the Government of the United States, as is proven by the fact that all of the Conventions formulated in the Conference for the Consolidation of Peace at Buenos Aires have already been presented here for ratification by parliament and should be ratified in a short time. And concretely, with respect to the application of the spirit of these treaties to the contingencies which arise, we are also in complete agreement, and applaud and share the statement of which Your Excellency informs me in the note to which I am replying.

The Uruguayan Government considers it beneficial to reaffirm on all opportunities the postulates of international justice which form part of the American spirit of solidarity, for which reason it fully shares the elevated purposes of strengthening the principles approved in Buenos Aires for the consolidation of peace, since they contemplate making a common effort on behalf of world-wide pacification and serve to complete and strengthen the various efforts which are at present being made to prevent war.

⁴⁵ Copy transmitted to the Department by the Minister in his despatch No. 623, July 29; received August 6.

He therefore highly appreciates the courtesy of the Secretary of State in requesting his adhesion to the principles which he was good enough to express.

MONTEVIDEO, July 27, 1937.

711.00 Statement July 16, 1937/41a : Circular telegram

*The Secretary of State to the Ambassador in Argentina (Weddell)*⁴⁶

WASHINGTON, July 28, 1937—2 p. m.

Department's circular telegram July 22, 7 p. m. Department has received telegrams from missions in other American republics indicating desire of Foreign Ministers to publish my declaration carried in Radio Bulletin No. 164, July 16, and to publish their own comments with respect thereto. Should you receive similar inquiry you may state that our plan has been to get the maximum beneficial effect by assembling replies from all governments and publishing them en bloc. I should thus prefer to defer publication and to arrange with the Minister for Foreign Affairs for a later simultaneous release although I do not feel that I can insist thereon.

HULL

711.00 Statement July 16, 1937/36 : Telegram

The Secretary of State to the Ambassador in Argentina (Weddell)

WASHINGTON, July 28, 1937—8 p. m.

62. Department's circular telegram of July 22, and Embassy's telegrams 109 of July 24 and 112 of July 26.⁴⁷ The Argentine Ambassador called yesterday to see me and communicated to me, in the strictest confidence, a message he had received from his Foreign Minister. The latter had apparently understood from the conversations held with you that the desire of the Secretary of State to obtain the reaction and the support of the Argentine Government in behalf of the principles of international conduct set forth in his statement contained in the Department's circular telegram, implied that this Government wished to initiate the procedure of consultation provided for in the treaties recently signed at the Buenos Aires Conference. He expressed doubt as to whether this procedure should be adopted when the treaties so far had been ratified by only a very small number of the republics, and requested the Ambassador to advise him of the circumstances attendant upon the instruction sent to you.

⁴⁶ Repeated to all missions in Latin America except Mexico, Ecuador, and Nicaragua.

⁴⁷ Telegram No. 112 not printed.

I explained the situation fully to the Ambassador, advising him that the circular telegram had been addressed to our diplomatic representatives in every country of the world and that it had no purely inter-American character. I further stated that the Secretary of State had never had the most remote idea of suggesting the initiation of the procedure of consultation. I concluded by stating that the Secretary, at this critical moment in the world, felt that it would be exceedingly helpful to obtain the reaction of the Argentine Government and its support of these principles, all of them, of course, in entire consonance with the treaties, conventions and resolutions adopted at the Conference for the Maintenance of Peace.

In your further conversations with the Argentine Foreign Minister on this subject, you may wish to make these facts entirely plain without, of course, referring to my conversation with the Argentine Ambassador.

HULL

711.00 Statement July 16, 1937/40

Declaration by the Cuban Secretary of State (Remos)⁴⁸

[Translation]

[HABANA, July 28, 1937.]

In view of the statement given to the press of his country by the Secretary of State of the United States, Mr. Cordell Hull, on July 16 of this year, with regard to evidences of world disturbance and the need for conserving peace, the Government of Cuba, in full accord with that statement, believes the time has come for it to make public its feeling of solidarity therewith, and does so through me.

As a small country, but jealous of its dignity and of its sovereignty, Cuba has heard the words, full of a just and human sentiment, of Secretary Hull, with intense sympathy, especially those which affirm that the United States advocates "abstinence by all nations from the use of force in pursuit of policy and from interference in the internal affairs of other nations," as well as those in which it pledges itself to avoid alliances or entangling commitments, but on the other hand, to show a tendency toward cooperative efforts by peaceful and practicable means in support of the principles on which is based this declaration before the world; and those (words) which advocate the processes of peaceful negotiation, the faithful observance of international agreements, the spirit of mutual helpfulness and accommodation, the upholding of the principle of the sanctity of treaties, the respect of all nations of the rights of others, the revitalizing and strengthening of

⁴⁸ Published July 28; Dr. Remos gave his statement to the press on July 27, following authorization by the Cuban Cabinet. Copy transmitted to the Department by the Chargé in Cuba in his despatch No. 9469, July 28; received July 29.

international law, the establishment of measures which will tend to promote economic security and stability the world over; and (those remarks advocating) the lowering or removing of excessive barriers to the commerce between nations, equality of treatment between nations and the equitable adjustment of armaments among nations, without losing sight of the need for maintaining armed forces adequate for national security.

711.00 Statement July 16, 1937/98

*The Chilean Acting Minister for Foreign Affairs (Garces Gana) to the American Ambassador in Chile (Philip)*⁴⁹

[Translation]

SANTIAGO, July 28, 1937.

DEAR MR. AMBASSADOR: I have had the pleasure of receiving the courteous communication of the 23rd instant, in which Your Excellency is good enough to transmit to me an important statement recently made to the press by H. E. the Secretary of State of the United States.

In reply, I have to inform Your Excellency that I have read said statement with the greatest interest and that my Government sees in it a new manifestation of the high sentiments and purposes which the President of the United States and the Secretary of State made evident in the recent inter-American conference for the consolidation of peace held not long ago as a result of the happy initiative of H. E. Mr. Roosevelt.

On that recent occasion my Government had the satisfaction of concurring with Your Excellency's Government and those of the other sister republics of America in signing new peace instruments which set forth "that all wars or threats of war directly or indirectly affect all civilized peoples and endanger the great principles of liberty and justice which constitute the American ideal and standard of international policy"; that "the direct or indirect intervention of any of the contracting parties, for any motive, in the domestic or foreign affairs of any of the parties is not admissible" and that "anything which assures and facilitates the fulfillment of the treaties in force is an effective guaranty of international peace".

The authorized statements to which Your Excellency refers are inspired by the same principles and therefore will surely favor the firm ideals of peace and international justice to which we all happily adhere.

I avail myself [etc.]

F. GARCES GANA

⁴⁹ Copy transmitted to the Department by the Ambassador in his despatch No. 673, July 30; received August 6.

711.00 Statement July 16, 1937/41 : Telegram

The Chargé in Brazil (Scotten) to the Secretary of State

RIO DE JANEIRO, July 29, 1937—11 a. m.

[Received 11:52 a. m.]

82. Department's circular telegrams of July 22, 7 p. m., and July 28, 2 p. m. Upon receipt of the Department's telegram of July 22, 7 p. m., I called upon the Minister for Foreign Affairs and communicated to him the substance of the telegram under reference. The Minister's reaction was entirely favorable but he informed me that, inasmuch as the Secretary's statement had received no publicity in this country and in fact I was now bringing it to his attention for the first time, he felt it should be published in the Brazilian press and followed by a declaration by the Brazilian Government supporting the views it contained. For this purpose he desired first to consult the President of the Republic. He promised to furnish the Embassy with an advance copy of whatever statement was eventually drawn up in order that it could be cabled to the Department. The Foreign Office subsequently arranged for the publication of the Secretary's statement of July 16th which was carried in full in all of the morning newspapers yesterday. Yesterday, without communicating with the Embassy, the Foreign Office handed a communiqué to the press which was prominently carried in all of yesterday's evening papers and the papers of this morning. The text follows:

"The Ministry for Foreign Affairs was officially informed concerning the declaration of the principles which orientate the foreign policy of the United States made on the 16th of July by the Secretary of State Mr. Cordell Hull. The statement of the Secretary of State having been brought to the attention of the President of the Republic by the Minister for Foreign Affairs, the latter received instructions from the President to make public that the Brazilian Government, entirely sharing the point of view of the Government of the United States concerning the world international political situation, fully agrees with those declarations and gives complete support to the principles formulated therein, which have already been warmly advocated in the inter-American Conference for the maintenance of peace and at other international political assemblies and which it will do everything possible to put into practice by the most convenient methods at every opportunity which arises".

I regret that the Department's telegram of July 28, 2 p. m., which was received here at 9 p. m., arrived too late to make it possible to handle the publicity in this instance according to the Department's wishes.

SCOTTEN

711.00 Statement July 16, 1937/54: Telegram

The Ambassador in Argentina (Weddell) to the Secretary of State

BUENOS AIRES, July 29, 1937—noon.

[Received 2:45 p. m.]

115. For the Secretary and Under Secretary. Department's 62, July 28, 8 p. m. May I be permitted to deny in clearest terms that anything I said to the Minister for Foreign Affairs is susceptible of the interpretation given by him. I have before me the original Spanish text of remarks prepared for use with him immediately before my visit and memorandum of my conversation drafted immediately thereafter and these support my unqualified denial set forth above.

Furthermore the Spanish text of your declaration which I handed him made your position absolutely clear.

WEDDELL

711.00 Statement July 16, 1937/53: Telegram

The Ambassador in Argentina (Weddell) to the Secretary of State

BUENOS AIRES, July 29, 1937—3 p. m.

[Received 5:50 p. m.]

116. My 112, July 27 [26], 5 p. m.⁵⁰ The following is the text in translation of the memorandum⁵¹ received from the Minister for Foreign Affairs in reply to the Secretary's statement of July 16:

"The Argentine Government has learned with customary satisfaction the statements of the Secretary of State of the United States, Mr. Cordell Hull, whose lofty mind has left such grateful remembrances in Buenos Aires, as has the illustrious President Roosevelt, and shares the wholesome ideas formulated in them.

"It permits itself to request his consideration of the proposed convention giving a universal application to the right of asylum⁵² which when properly regulated can prevent the inconveniences which it has contained until now, and whose moral significance, once practical questions have been considered, is in singular accord with the attitude of noble humanitarianism which has so often characterized the United States.

"It is the understanding of the Argentine Chancellery that the tendency of the proposed convention implies an element of pacification in pursuance of the line of conduct which should be followed by the American countries" ⁵³ Copy follows by mail.⁵⁴

⁵⁰ Not printed.

⁵¹ Dated July 28.

⁵² See vol. v, section entitled "Project by Argentina for a Multilateral Convention on Right of Asylum".

⁵³ The remainder of the Argentine statement omitted here was withdrawn by the Minister for Foreign Affairs in a note reported in Embassy's telegram No. 122, August 6, 1 p. m., not printed.

⁵⁴ Despatch No. 1688, July 30, not printed.

Nacion and *Prensa* published editorials this morning endorsing strongly the Minister's projected convention on the right of asylum.

WEDDELL

711.00 Statement July 16, 1937/51: Telegram

The Chargé in Turkey (Washington) to the Secretary of State

ISTANBUL, July 29, 1937—6 p. m.

[Received July 29—3:20 p. m.]

35. Referring to Department's circular telegram dated July 22, 6 p. m., I delivered the message on Saturday to the Chief of Cabinet of the Minister for Foreign Affairs; the Minister himself received me this afternoon at his hotel in Istanbul. He said that he found himself entirely in accord with the general principles enumerated in the statement of July 16th. He said further that he had discussed it in detail with the President of the Republic and the Prime Minister and was able to affirm that the principles featured in the statement are similar to those frequently advocated by members of the Turkish Government, in which connection he asked me to invite your attention to the three following addresses: that of the Prime Minister before the Assembly on June 14 (transmitted with Embassy's despatch No. 287 of June 25, 1937⁵⁵), the address of the Minister for Foreign Affairs delivered at Teheran during his recent tour, and his address delivered July 15th at Moscow.

He expressed some uncertainty as to the meaning of the phrase "alliances or entangling commitments" and asked for further explanations of its meaning in this instance.

WASHINGTON

711.00 Statement July 16, 1937/29: Telegram

The Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, July 29, 1937—8 p. m.

389. Your 1038, July 24. My statement of our view that provisions of treaties may be modified, where need therefor arises, by orderly processes is a statement of a universally accepted legal principle which, unfortunately, has in recent years and in many quarters been shown little respect. It represents the opposite of the practice of unilateral abandonment or breach or repudiation by force.

My statement with regard to limitation and reduction of armament coupled with readiness on our part to regulate our armed establish-

⁵⁵ Not Printed.

ments on a proportional basis is intended to make clear that we favor limitation and reduction but are prepared, if forced to do so, to make increases if and as other countries, refusing limitation and reduction, make increases.

HULL

711.00 Statement July 16, 1937/156

Informal Statement by the Bulgarian Prime Minister and Minister for Foreign Affairs (Kiosseivanoff) ⁵⁶

[SOFIA, July 29, 1937.]

Although Bulgaria is one of the countries which feel most acutely the injustices wrought by the peace treaties, it is far from her intentions to seek to upset them through force of arms. Instead, she retains her faith in the tenets of the League of Nations and hopes that ultimately the spirit of solidarity and cooperation between nations will prevail over national selfishness and that, through peaceful negotiation, a remedy will be found for the evils which afflict Europe.

For these reasons, the Bulgarian Government cannot fail to fall in with the views expressed by the Secretary of State, whose idealism and goodwill, representative as they are of the dispositions of the American people in general, are well-known and appreciated in this country.

Bulgaria has, at the present time, engaged all her energies in the absorbing task of internal reconstruction which is only a part of, and is dependent on the recovery of the world at large. Therefore she cannot but view with deep concern any disturbances which may affect the peace and thereby imperil that economic security and stability for which the world is striving, and for whose attainment she believes America will play a leading part.

711.00 Statement July 16, 1937/126

The Chargé in Switzerland (Bigelow) to the Secretary of State

No. 5063

BERN, July 29, 1937.

[Received August 7.]

SIR: I have the honor to refer to my telegram No. 72 of July 29, 5 p. m.,⁵⁷ reporting the essence of Mr. Motta's comment on your statement in Radio Bulletin No. 164 of July 16.

The text of his remarks, setting forth the views of the Swiss Government in regard to the statement in question, is contained in the en-

⁵⁶ Memorandum transmitted to the Department by the Chargé in Bulgaria in his despatch No. 410, July 29; received August 10.

⁵⁷ Not printed.

closed copy of an *Aide-Mémoire*. This paper was handed to me by the President of the Confederation at the close of our conversation on July 29.

As mentioned in my telegram No. 72 of July 29, Mr. Motta had sent word asking me to call on him this morning. He told me that he had referred your statement to the Federal Council and that the latter had authorized him to say that it is able to subscribe on all points to the principles set forth therein. These, he said, are at the root of Switzerland's foreign relationships, "their practical application being predicated on the fact that the foreign policy of Switzerland is based on perpetual neutrality and on efforts to set up reciprocally friendly international relations, regardless of the political regimes of the States with which it is in contact". He went on to say that "joining the League and signing the Kellogg Pact showed that Switzerland was ready to contribute towards international collaboration as tending to bring about a general application of the principles in question. Switzerland can so contribute within the limit of her neutrality, this being same condition under which Switzerland can acquiesce in the program enunciated by Mr. Hull."

Mr. Motta made no comment on economic policy as such and I took the occasion to present the Department's views along the lines set forth in the circular instruction of July 6th regarding the international economic program of the United States, adding that I ventured to hope that Switzerland could contribute more to the widening of a circle of lowered trade restrictions. I commented on Switzerland's maintenance of the quota system as being intrinsically discriminatory. Mr. Motta agreed that such was a fact but he thought that by the liberal manner in which the system is now being applied its restrictive and discriminatory features were now almost done away with.

He expressed admiration for the trade policy of the United States, which had been of benefit to Switzerland, and commented on the fact that although the world political situation is acute, the peoples were beginning to feel more cheerful under better economic conditions and were becoming more peaceful-minded—less critical of their own governments and others. He was happy, he said, that the institutions and the views of the citizens in Switzerland and the United States were in so many ways identical, and he added that on August 1, on the occasion of the Swiss National Holiday, he would broadcast a friendly message to the United States, and that on the same day he would deliver an address in the Italian-speaking Canton of the Tessin which would, in a way, be a restatement of Swiss national policy.

He then spoke of Mussolini's recent indictment in the Italian press of so-called "fictions". He criticized the practice of diplomacy by

⁶⁸ *Post*, p. 841.

such ostensibly anonymous press articles but considered that there was much truth and force in what Mussolini said. The League of Nations, Mr. Motta thought, must be realistic and, speaking for his country, he could say that Switzerland would never again participate in sanctions which could only aggravate the original difficulty. Switzerland could reconcile her membership in the League with her policy of absolute neutrality, and it was a pity that Geneva insisted on preserving a fictitious position which was one reason, he believed, preventing membership in the League from being universal and why the United States felt that it could not join that organization.

Mr. Motta then spoke of other matters concerning which there is no need to report. After I had thanked him for his statement in reply to your message in the circular telegram of July 17, 2 p. m., he said that he had been especially glad to make such a statement because of his respect for Mr. Hull and the President. He supposed that it would not be published in isolated form, although there was certainly nothing contained in it which needed to be concealed.

I might add that Mr. Walter Stucki, Delegate of the Swiss Federal Council for Foreign Trade, has been absent from Bern and was not consulted in regard to the drafting of the statement in the *Aide-Mémoire*, which is enclosed herewith.

Respectfully yours,

DONALD F. BIGELOW

[Enclosure—Translation]

Aide-Mémoire by the President of the Swiss Federal Council (Motta)

The Federal Council is able to subscribe on all points to the principles which the Secretary of State of the United States of America has enumerated in his statement of July 16, 1937, since these are the same principles which have inspired Switzerland for a long time past in its foreign relations, and the states with which Switzerland is in relation have applied these principles in their relations with the Swiss Federation. The practical realization of these principles is due to the fact that, on the one hand, the foreign policy of Switzerland is based on perpetual neutrality and, on the other, to the fact that Switzerland bases its international relations on mutual friendship and esteem without regard to the internal politics of the states with which Switzerland has dealings.

By entering into the League of Nations and by signing the Kellogg Pact, Switzerland gave proof that it was prepared to do its part in international collaboration leading to a general realization of the principles referred to. Switzerland is able to continue this collaboration up to a point where its neutrality, which is recognized in international law and of which the value has been historically demon-

strated, will not be weakened. It is conditional upon this consideration that Switzerland can adhere to the program put forward by Secretary Hull.

711.00 Statement July 16, 1937/141

*The Ecuadoran Minister for Foreign Affairs (Larrea) to the American Minister in Ecuador (Gonzalez)*⁵⁹

[Translation]

No. 45

QUITO, July 29, 1937.

MR. MINISTER: Your Excellency has been good enough, acting under express instructions of your Government, to inform me of the important statement which the Secretary of State of the United States of America, the Honorable Cordell Hull, has made with respect to the international political situation, disturbed in various parts of the world.

At the same time, Your Excellency has informed me of the desire to know the opinion of the Government of Ecuador and particularly of this Foreign Office with regard to the ideas of the Honorable the American Secretary of State and with respect to the principles by which Ecuadorean foreign policy is governed and its desires and aspirations along these ideas.

When I was in charge of the Foreign Office in 1932 I made the following observations in the report which I submitted to the Nation:

“One of the facts emphasized by the great conflict which bathed the world in blood during the years 1914 to 1918, was the unity of interests of all the civilized people of the earth, the interdependence of nations and the impossibility of a state’s eluding the consequences which a great political disturbance causes among the others.

“Regardless how much a country may be developed in all of the endeavors of civilization; however great may be its sources of wealth, the variety of its products and the possibilities of independent life, it shall always have multiple points of contact with other peoples and in its economic, if not in its political life it shall depend upon others and shall have many needs of them. Moreover, the larger and more civilized a nation may be the greater are the ties with which it is bound to the others, and the more numerous the common problems and the more complex its relations.

“The disturbance of international peace in any place whatsoever of the world threatens the peace of the whole world. Evolution in the social and political conditions of a people is reflected in those which are united to it by whatever bond; and the prosperity or the economic difficulties of one are soon felt also in the others.

“There are many confused questions which are agitating distant parts of the world and which can be the forerunners of new tragedies which may have an enormous repercussion.”

⁵⁹ Copy transmitted to the Department by the Minister in his despatch No. 854, July 31; received August 9.

These same ideas have just been masterly expounded by the Honorable Mr. Hull. It is indubitable that disturbances and tensions which seemingly affect only neighboring countries must interest the entire world, since from that situation there can come the spark which later may be converted into a conflagration threatening the peace of many peoples and influencing in one way or another their policy and their economy.

Therefore, the nations, large or small, cannot ignore the international problems of other countries, and less can they be indifferent when problems which can easily be converted into conflicts arise in their own continent.

Ecuador, essentially a peaceable country and respectful of law, cannot but applaud with enthusiasm the important statements of the Honorable the Secretary of State of the United States.

Ecuador believes that the maintenance of peace is *indispensable* so that civilization shall not retrograde. Ecuador maintains that only the enforcement of justice in the relations between peoples, only equality among nations and respect for their independence, whether they are powerful or weak, can remove from the world the terrible menace of war.

Ecuador proclaims that the only means of solving the international problems must be the application of law and that the procedure must always be sought in friendly negotiations and in pacific agreements. Therefore, it rejects the use of force as an instrument of international policy; it disavows any territorial acquisitions, any expansion or advantage obtained through violence, and denies any juridical effect of sovereignty through the occupation of territories under dispute.

The Ecuadorean Nation declares that it considers it a duty to respect the political, social and economic organization of other nations, and denies the right that any state may desire to attribute to itself to intervene in the constitutional structure of another, in its internal problems or in its domestic conflicts. But it believes that friendly collaboration and cooperation for mutual progress must be encouraged by all means; and it is entirely in accord in this connection with the policy enunciated by the eminent statesman Mr. Franklin D. Roosevelt who in reiterated statements removed old fears and who has contributed so much to strengthen the relations between the Ibero-American republics and the United States.

Ecuador makes public its unqualified respect for international treaties and agreements upon the sincere fulfillment of which it believes depends in great part the consolidation of peace.

The Ecuadorean Government considers the encouragement of commercial interchange as a more efficacious means of strengthening the

friendly relations between peoples; and for that purpose it believes in the expediency of suppressing or diminishing the barriers to free importation and exportation of products, aspiring for effective equality of treatment, for the extension (*multiplicación*) of agreements which facilitate trade and serve as a stimulus for the development of the wealth and prosperity of each country.

These are, Mr. Minister, and have always been the principal postulates of Ecuadorean foreign policy. Anything which may contribute to the maintenance of peace, to these principles' taking root in the consciences of peoples, to the proscription of injustice, violence, disorder and anarchy, will find enthusiastic reception in Ecuador.

I reiterate, therefore, my applause of the luminous statements of the Honorable the American Secretary of State and I make fervent wishes that such a wise policy may always obtain in our continent and in the entire world.

I avail myself [etc.]

C. M. LARREA

711.00 Statement July 16, 1937/159

Memorandum by the Chargé in Turkey (Washington) ⁶⁰

[Extract]

[ISTANBUL, July 29, 1937.]

I called by appointment on the Minister for Foreign Affairs at 12:30 p. m. today. He received me in his private suite at the Pera Palace Hotel in Istanbul. Our conversation was carried on in French.

I told him that I had received, as stated to his Chief of Cabinet on Saturday, a telegram from Mr. Cordell Hull, Secretary of State, making reference to the latter's statement issued on July 16, 1937, and that I would be glad to transmit to Washington any comments he would like to make on the principles set forth in this statement and also any information he might wish to give me as to the attitude which the Government of Turkey might have toward keeping alive and to making effective the principles featured in this statement. He said that he had studied the statement very carefully and had also discussed it with President Atatürk and Prime Minister, Ismet İnönü. He stated that not only was he himself in perfect accord with the principles enunciated by the Secretary of State, but that they were almost identical to those frequently advocated by members of the Turkish Government. He asked me to reply to the Secretary in the above sense and in this connection he invited attention

⁶⁰ Copy transmitted to the Department by the Chargé in his despatch No. 313, July 29; received August 10.

to three addresses recently made by officials of the Turkish Government. The first was the address of Prime Minister, General Ismet İnönü, before the Turkish Grand National Assembly on June 14, 1937 (a translation was transmitted with the Embassy's despatch No. 287 of June 25, 1937⁶¹). The second was his own speech made at Teheran on his recent visit to the Iranian capital, and the third was the speech which he made a few days later (July 15) at Moscow. He then said that his study of the Secretary's statement led him to believe that the policy of the Turkish Government coincides in every detail with the principles enunciated therein with the possible exception of the idea contained in the last sentence where the phrase "alliances or entangling commitments" is used. He said that he had studied the use of the word "entangling" as used in various declarations of the American Government but that he would like to understand it better. He said that he had studied the exchange of letters between former Secretary of State Kellogg and M. Briand, the French Minister for Foreign Affairs, at the time of the promulgation of the Anti-War Pact,⁶² and had come to the conclusion that the United States would enter into no agreement where the parties are not left free to make an independent decision. I told him that I could not attribute anything unusual to the word "entangling" as used by the Secretary in his statement of July 16th, but I thought that the interpretation that he himself had arrived at came very close to being a proper one. He requested me to ask the State Department to furnish him with a further explanation of this phrase. (He repeated this request several times). He said that he had many times been struck by the identity in the viewpoints of the United States and Turkey regarding world affairs and spoke particularly of their agreement on international economic matters. He said that he had first noticed this when he had attended the Economic Conference at London.

The Minister spoke at length about the desire of the Turkish Government to let every other country of the world decide what form of government it wished for itself. He said that it is the aim of his Government to be friendly with all the other governments of the world and to show other countries, especially its own neighbors, that it entertains for them only the friendliest of sentiments.

⁶¹ Not printed.

⁶² The reference is presumably to the collection of correspondence transmitted upon signature of the treaty of August 27, 1928, to the several non-signatory Governments; see telegram of August 16, 1928, 11 p.m., *Foreign Relations*, 1928, vol. I, p. 149.

711.00 Statement July 16, 1937/107

*Statement by the Nicaraguan Minister for Foreign Affairs
(Cordero Reyes)*⁶³

[Translation]

COMMENTARY AND ADHERENCE OF THE GOVERNMENT OF NICARAGUA

The statement of the Secretary of State, Mr. Cordell Hull, made public to the people of Nicaragua on this occasion is considered by the Government of Nicaragua as of enormous importance and is received with the greatest approval.

Effectually, the growth of the world's population, the incorporation in autonomous life and civilization of large territories, technical progress which has increased agricultural and industrial production, the extensive development of means of transport which have intensified commercial and economic relations, etc., have created a situation of interdependence by virtue of which disturbances which occur in any part of the globe affect, in greater or less degree, the rights, obligations, or at least the interests of all nations, whether they be great or small.

It is therefore natural that those who feel themselves injured without fault of theirs, through any local or international action which takes place in any part of the world, should seek to obtain the universal rule of those principles of policy or of law which they consider most adequate for the maintenance of peace.

The statement of principles which has just been made by the Government of the United States through the medium of the Secretary of State constitutes, for the American countries, a true decalogue which has its roots deep in the enlightened reasoning of the leaders of independence, parting from Washington's Farewell Address and the admonitions of Bolivar, and which have been gradually elaborated in documents put forth by the Panamerican assemblies from the Congress of Panama of 1826 down to that of Buenos Aires the year past, as well as in bilateral or multilateral acts entered into by various American nations. These principles are: equal sovereignty, the peaceful solution of controversies, renunciation of war—above all of aggression or conquest—compliance with international obligations, the sanctity of treaties, codification of law, and the principle of non-intervention. (This latter since the Congress of Lima of 1848.)

The statement of the Secretary of State adds the reduction of armament, the reduction or removal of barriers to international

⁶³ Published in the Nicaraguan press on July 30; copy transmitted to the Department by the Minister in Nicaragua in his despatch No. 562, August 2; received August 6.

commerce and the principle of equality of treatment. It is obvious that the armament race maintains and aggravates what might be called the atmosphere of war, and it is also certain that there cannot be peace while there is no effective economic disarmament and while irritating and alienating privileges are granted in commercial competition.

These principles are incorporated in the conventions, declarations, and resolutions approved at the seventh Interamerican Conference for the Maintenance of Peace. But although all the Governments of America are ratifying them, the Government of Nicaragua considers of the greatest utility the American statement on which I am making comment, because it reveals the bases of a practical policy truly inspired in the principles mentioned.

Under the influence of doctrines so beneficent, all the American peoples and the entire world have been enabled to contemplate the spectacle which is truly moving, and auspicious of the greatest efficacy for the American system, of a great world power such as the United States putting into practical effect, as regards the weak peoples, the redressing and just policy of the good neighbor.

The statement of the Secretary of State, Mr. Hull signifies, in my way of thinking, the conviction that only through adherence to the practice of such principles by all the nations of the world can the maintenance of peace be secured in a firm and permanent manner. This conviction, which the Government of Nicaragua fully agrees with, would seem to-day to be eloquently demonstrated by the fact that systems of politics prevailing in other sections of the globe, which contravene or differ from some or all of these principles, have led to the serious disturbances which now afflict the world and threats of still greater ones.

The Government of Nicaragua, which has approved without reservations all pacifist instruments elaborated during nearly half a century, expresses in the same manner its adherence without reservations to the statement of principles made by the United States of America, through medium of Secretary of State Hull, on July 16 of the current year.

Especially, it considers of the greatest importance for practical international cooperation, to increase the spirit of mutual confidence and for the rule of justice in international relations, the principle which admits of the modification of treaties, when the necessity is presented for doing so, by means of orderly processes conducted in a spirit of reciprocal helpfulness and accommodation.

Thus the Americas, filled with gratification and faith, contemplate the practical application of this principle in the contractual relations

of the United States with the Republic of Panama deriving from the construction of the interoceanic canal.

As regards economic disarmament, already at Montevideo and Buenos Aires Nicaragua approved the liberal policy enunciated by the Secretary of State, with the sole reservation, in respect to the principle of equality of treatment, of the advantages which the Central American states have granted or may reciprocally grant to each other by virtue of their special conditions.

And precisely in point, invoking the principles of commercial policy embraced in the splendid initiative of the Secretary of State Mr. Hull—which were approved by all the American states, with one or another regrettable exception, in the assemblies mentioned—Nicaragua has requested of the Central American states, in the projects of commercial treaties submitted to their consideration, the cessation of the tariff war which is being waged against her and the supremacy of the principle of equality of treatment in inter-Central American relations, since she considers that as long as the most complete economic disarmament is not brought to pass in Central America, and even as long as a real tariff union is not created not only the Central American states cannot prosper economically through the development of their special capabilities but also it will not be possible to establish the peace of the Isthmus, mutual confidence, and the spirit of solidarity to which a common destiny and the unquestionable unity of their geography invites them.

M. CORDERO REYES

MANAGUA, July 29, 1937.

711.00 Statement July 16, 1937/51 : Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, July 30, 1937—7 p. m.

59. Your 35, July 29, 6 p.m. The final sentence of my statement of July 16 is purely descriptive of the method which this Government has found suited to its purposes in cooperating with other governments with a view to giving effect to the principles which we advocate and which I enumerated in detail in that statement. It was intended to express this Government's willingness to cooperate in any and all efforts of a peaceful and practicable nature to support the principles advocated by it and set forth in my statement.

You may communicate the foregoing orally to the Minister for Foreign Affairs.

HULL

711.00 Statement July 16, 1937/134

*The Peruvian Ministry for Foreign Affairs to the American Embassy in Peru*⁶⁴

[Translation]

The Government of Peru has taken cognizance, with deep interest and sympathy, of the statement made by His Excellency the Secretary of State of the United States of America, concerning the general international situation and which constitutes an application to the present state of certain international problems of the principles and the spirit which recently have been shaping the action of the nations of this continent.

In accordance with the international policy which it practices and develops, the Government of Peru agrees basically with the concepts of the Secretary of State and it is disposed to take part in every general movement tending towards the best application of this policy.

LIMA, July 30, 1937.

711.00 Statement July 16, 1937/65: Telegram

The Ambassador in Argentina (Weddell) to the Secretary of State

BUENOS AIRES, July 31, 1937—9 p. m.
[Received 11:57 p. m.]

118. The Under Secretary for Foreign Affairs telephoned the Embassy last night that his Government had been informed that a communiqué emanating from the Brazilian Government⁶⁵ had just been given to the press supporting Secretary Hull's declaration of July 16 and that the Minister for Foreign Affairs wished to inform me that his memorandum which I quoted in my telegram 116, July 29, 3 p. m., was not a "declaration" and should not be published.

The Under Secretary was informed that since the Embassy understood in pursuance of the Department's circular telegram of July 28, 2 p. m., that Department of State desired to assemble all declarations received and to publish them together, publication of his memorandum at this time seemed most unlikely. The Under Secretary seemed reassured by this, but this morning invited me to call on the Minister Tuesday⁶⁶ to discuss the matter which I shall do.

It now seems fairly evident that as my delivery of the text of the July 16 declaration coincided with the completion of the draft of the proposed asylum convention, the Minister sought in his memorandum to trade a public indorsement of your declaration for our ad-

⁶⁴ Copy transmitted to the Department by the Chargé in his despatch No. 5263, August 2; received August 9.

⁶⁵ See telegram No. 82, July 29, 11 a. m., from the Chargé in Brazil, p. 724.

⁶⁶ August 3.

herence to his convention and that the news of the action of the Brazilian Government caused him to fear publicity for his memorandum thus forcing his hand as set forth above.

Local newspapers carry this morning the text of Uruguay's reply⁶⁷ to the Hull declaration setting forth its substantial accord.

WEDDELL

711.00 Statement July 16, 1937/105

*The Guatemalan Minister for Foreign Affairs (Salazar) to the American Minister in Guatemala (Des Portes)*⁶⁸

[Translation]

No. 9250

GUATEMALA, July 31, 1937.

MR. MINISTER: I have had the honor to receive the kind note of Your Excellency No. 67 of July 23,⁶⁹ in which you sent me a copy of the declaration given to the press on the sixteenth by His Excellency Mr. Cordell Hull, Secretary of State, in which is amply and concretely defined the attitude of the Government of the United States vis-à-vis the disturbances existing in international relations in various parts of the world.

Your Excellency was so kind as to add that you have instructions to inform me that you would be very glad to forward to Washington the comment relative to the principles established in the declaration or such information as I might be able to give you relative to the attitude of the Government of Guatemala in maintaining and making effective such principles. Your Excellency informs me that His Excellency Mr. Hull requests you to point out to me the expression of his belief that my Government and I fully share in the support given by the Government of the United States to the principles set forth in the statement, many of which indeed form an essential portion of the agreements reached at the Conference of Buenos Aires for the Maintenance of Peace and all of which are consonant with the treaties and resolutions there adopted. Your Excellency finally adds that His Excellency the Secretary of State believes it is singularly fitting at this critical time that as many nations of the world as possible make known publicly their support of these principles of international conduct and policy, and that he would therefore welcome such action as my Government may find appropriate in making known its effective support of them.

In answer I can only inform Your Excellency that the Government of Guatemala has learned with the greatest pleasure of the declaration

⁶⁷ See memorandum of July 27, p. 720.

⁶⁸ Copy transmitted to the Department by the Minister in his despatch No. 320, August 2; received August 6.

⁶⁹ Not printed.

of His Excellency Mr. Cordell Hull because in it is found the most perfect definition of the international politics which the Government of Guatemala has adopted and followed as an invariable and rigid standard of conduct in its relations with all of the countries of the world. The President of Guatemala in his annual messages to the Legislative Assembly and on other occasions which have presented themselves has declared emphatically that the Government of Guatemala, to the end of intensifying in every way possible the cordiality and the good understanding with other nations, does not overlook the means of adjusting itself to the consecrated doctrines of international law and for that it has held itself strictly apart from the internal affairs of other States, above all with respect to contiguous nations, with which it cultivates warm friendship.

The Government of Guatemala, over which General Ubico presides, considers that the important declaration which His Excellency Mr. Cordell Hull has given to the press of the United States summarizes in concrete and comprehensive form the standards adopted by the American Government looking to the consolidation of the peace of America and for saving the peace of the world; and it believes as well that the declaration constitutes a Creed which contains the fundamental bases of an international policy of healthy and prudent equanimity and that to observe the standards adopted would result in a great betterment in the unstable conditions which unfortunately endanger the cordiality and good understanding among the nations engaged in the contention of extensive economic, political and social interests.

Since Your Excellency has been kind enough to communicate to me the desire of His Excellency the Secretary of State that the largest number possible of nations make known publicly their attitude respecting the principles proclaimed by him I will be pleased to give to the press of Guatemala the kind note of Your Excellency, the declaration of His Excellency Mr. Hull, and this reply.

I avail myself [etc.]

CARLOS SALAZAR

711.00 Statement July 16, 1937/133

The Venezuelan Minister for Foreign Affairs (Gil Borges) to the American Minister in Venezuela (Nicholson) ⁷⁰

[Translation]

No. 1815

CARACAS, July 31, 1937.

MR. MINISTER: I have received the Legation's memorandum of the 26th instant ⁷¹ by which Your Excellency communicates to my Govern-

⁷⁰ Copy transmitted to the Department by the Minister in his despatch No. 785, August 2; received August 9.

⁷¹ Not in the Department files.

ment the statement made by His Excellency Mr. Cordell Hull as to the principles on which the international policy of the United States is inspired. Those principles are the same which have served and do serve as the standard for the international policy of Venezuela. Venezuela has affirmed its adherence to them by subscribing to all of the instruments of peace which have been formulated from the Congress of Panama in 1826 to the Conference of Buenos Aires in 1936; and moreover, it has affirmed that adherence in practice by submitting all its international differences to the means of peaceful solution. Consequently, I have the honor to inform Your Excellency that my Government is in accord with the points of view expressed by His Excellency the Secretary of State of the United States in the aforementioned statement.

I avail myself [etc.]

E. GIL BORGES

711.00 Statement July 16, 1937/65 : Telegram

The Secretary of State to the Ambassador in Argentina (Weddell)

WASHINGTON, August 2, 1937—2 p. m.

64. Your 118, July 31, 9 p. m. The statement you made to the Under Secretary for Foreign Affairs is, of course, entirely accurate.

You should make it clear to the Minister for Foreign Affairs in the interview you will have with him tomorrow that the basic purpose of the Secretary of State in communicating to the governments of the world the statement of principles he made public on July 16, was his conviction that at this moment it would be salutary and eminently desirable that the governments of the world should publicly make known their support of these fundamental principles of international conduct, with the belief that such public reaffirmation of these principles would do much to revitalize and to strengthen international law and international morals. You may say further that up to the present time he has already received evidences of warm support and of hearty cooperation in this purpose from some 20 governments of Europe and of the American Continent and that it is his desire at some early date to make known publicly such world-wide reaffirmation of the principles enunciated by himself on July 16, perhaps even before replies from all the remaining governments are received. You may say, of course, that the desires of the Argentine Government with regard to publication or nonpublication of the reply received from Dr. Saavedra Lamas will be scrupulously observed; but that if no reply from the Argentine Government, which has taken so outstanding a part during recent years in upholding the principles of international law and in furthering the cause of world peace, is included in such publication, inquiries will undoubtedly be addressed to the Secretary of State with regard to such apparent omission and he would, of course, prefer to make known

at that time the very helpful and cordial reply received from Dr. Saavedra Lamas as included in the memorandum transmitted in your telegram No. 116 of July 29, 3 p. m.

For your confidential information, I am unable to see any connection between the Minister's project for a convention on the right of asylum and world-wide adherence to the principles announced by the Secretary of State. With regard to the proposed convention on the right of asylum, you may state to the Minister that when the full text is received, it will, of course, be given most careful consideration by your Government but that until such study has been given it is impossible for the Department of State to make any comment with regard thereto.

HULL

711.00 Statement July 16, 1937/69a : Telegram

The Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, August 2, 1937—2 p. m.

397. Personal for Bullitt from Hull. I have been hoping for the past few days for a text from the French Government approving the general ideas contained in my statement of July 16. This was not designed to apply to any one given problem or set of circumstances, but was prepared in the hope that if we could get a series of messages from all over the world approving these principles as the norm for international relations, the cumulative effect would be enormous. Thus far we have received a large number of favorable replies and have been given indications that others are being prepared and may soon be expected. I do not think that I shall be able to withhold publication of at least a first installment of these replies much longer, and it would be a source of real disappointment if we could not include an answer indicating approval from France as one of the principal democratic powers.

HULL

711.00 Statement July 16, 1937/210

*The Belgian Minister for Foreign Affairs and Foreign Commerce (Spaak) to the American Chargé in Belgium (Sussdorff)*⁷²

[Translation]

Department P

No. 452/610/5360

BRUSSELS, August 2, 1937.

MR. CHARGÉ D'AFFAIRES: In the course of a conversation which you had on July nineteenth⁷³ last, with Mr. van Langenhove, Secretary

⁷² Transmitted to the Department by the Chargé in his despatch No. 6, August 9; received August 17.

⁷³ See telegram No. 54, July 19, 3 p. m., from the Chargé in Belgium, p. 701.

General of my Department, you requested him to communicate to me the statement made at Washington on July 16 by the Secretary of State for Foreign Affairs, defining the principles on which the peace policy of the United States is based and the aims of this policy: peaceful settlement of disputes, observance of international engagements, decreasing of excessive obstacles to international trade, equality of treatment, limitation and reduction of armaments, and international cooperation apart from all alliances.

The speeches of Belgian statesmen on many occasions bring out the perfect harmony existing in this respect between the peace policy of the United States and that of Belgium. I am happy to give you an assurance that His Majesty's Government can subscribe point by point to the declarations of Mr. Hull and that it is ready, as in the past, within the means at its disposal, to cooperate with the Government of the United States with a view to the attainment of the desired ends.

Accept [etc.]

P. H. SPAAK

711.00 Statement July 16, 1937/136

*The Honduran Minister for Foreign Affairs (Bermúdez) to the American Chargé in Honduras (Cramp)*⁷⁴

[Translation]⁷⁵

Of. No. 3845

TEGUCIGALPA, August 3, 1937.

HONORABLE SIR: This Secretariat of State has been favored with the very kind note of Your Honor, No. 147, dated July 24 ultimo, with which was enclosed the statements made by His Excellency Cordell Hull, Secretary of State of the United States of America, the 16th of the same month, reading as follows:

[Here follows the Spanish text of the statement of July 16.]

Your Honor expressed the desire of His Excellency Mr. Cordell Hull that the several Governments examine these statements and make such comment as they deem opportune in the belief that the opinions of the different countries can influence favorably the solution of present problems which, though affecting Nations far away, are unquestionably of interest to all peoples.

The Honduran Government has studied the declarations of His Excellency Mr. Cordell Hull with all the attention which their im-

⁷⁴ Copy transmitted to the Department by the Chargé in his despatch No. 756, August 4; received August 9.

⁷⁵ Translation of first two paragraphs supplied by the editors.

portance demands and, with the greatest pleasure, stipulates its adherence to the principles which are consecrated in them, which constitute at present a standard of international life of the countries of America.

Without forgetting the relativity of the resources of the population, capital, industrial progress, and sources of natural wealth, which facilitate and favor the conduct of international interdependence, Honduras has maintained at all times the principles of the Right of Peoples (*Derecho de Gentes*) and has consecrated in the fullest manner her unrestricted tribute of respect for treaties and for arbitration decisions under the guaranty of international good faith and of respect for contractual obligations.

Obvious proof of the strong desire of Honduras for international concord is found in the ratification, without reservations on her part, of treaties of peace and antiwar during the period of time which was initiated with the Treaty of Paris (Kellogg-Briand Pact of August 28 [27], 1928) and was ended with the treaties, protocols, and conventions of Buenos Aires in 1936.

Honduras has concurred with great pleasure in the idea of the suppression of customs barriers and the equality of tariffs for the efficacious development of commerce between nations without more limitations than those which arise obligatorily from immediate national necessities and from the character of her own capacities within the structure of her integral nature, population, and institutions. And in this manner she accepts, in its own and logical meaning, the concept of equality of opportunities, to which with reason all countries hold in their international relations.

Granting the most important concurrence with the points with respect to which the declarations of the Secretary of State of the United States of America constitute a spontaneous restriction of the policy of his country and a most effective getting together by understanding among nations, the Honduran Government takes the opportunity to make, finally, the frank declaration that in her relations with other nations her policy is, without vacillations, inspired by the principles of mutual support and equable reciprocity, the only effective manner of cooperation which facilitates for each country the international development of its own energies and capacities.

I beg Your Honor to bring to the attention of His Excellency Mr. Cordell Hull, American Secretary of State, the enthusiastic adherence of the Honduran Government to his statement of principles on last July 16.

ANTONIO BERMÚDEZ M.

711.00 Statement July 16, 1937/202

*Memorandum by the Bolivian Foreign Office to the American Legation in Bolivia*⁷⁸

[Translation]

No. 415

The Bolivian Foreign Office acknowledges the receipt of the memorandum of the Legation of the United States attached to which it has been pleased to send a copy of the declaration of the Secretary of State of its country, given to the press the sixteenth of July past, establishing lofty pacifist principles.

The Government and the Foreign Office of Bolivia loyally and sincerely share the noble anxiety which inspired the declaration of the Secretary of State of the United States and fully adhere to the support given by your Government to the principles established in the declaration under reference, many of which constitute an essential part of the conventions and treaties celebrated in the Conference of Buenos Aires for the Maintenance of Peace.

Bolivia, whose pacifist tradition has always been inspired by the respect for right and the most elevated thought of justice, adapting its conduct to a loyal respect of international laws, has considered with extreme satisfaction each and all of the principles enunciated by the illustrious Secretary of State of the United States and in view of the fact that there is still pending the solution of the Chaco conflict, which constitutes a permanent menace for the peace of America, considers that the declarations of the Most Excellent Mr. Hull will have a most important influence on this specific problem as well as on the pacifist ideal of the world.

The Government of Bolivia clearly expresses its will to cooperate loyally with the stand in favor of the principles enunciated.

LA PAZ, August 3, 1937.

711.00 Statement July 16, 1937/237

*Memorandum by the Chargé in Latvia (Packer)*⁷⁹

[RIGA,] August 3, 1937.

Mr. Munters⁷⁸ said that he had asked me to come today in order to make a more complete reply to Mr. Lane's⁷⁹ *aide-mémoire* regarding Mr. Hull's statement. He said that the Latvian Government took

⁷⁸ Copy transmitted to the Department by the Chargé in Bolivia in his despatch No. 311, August 5; received August 16.

⁷⁹ Copy transmitted to the Department by the Chargé in his despatch No. 757, August 4; received August 24.

⁷⁸ Vilhelms Munters, Latvian Minister for Foreign Affairs.

⁷⁹ Arthur Bliss Lane, Minister in Estonia, Latvia and Lithuania.

Mr. Hull's statement very seriously and wished to give it very careful consideration before making a full reply. He said that he would give me a paper containing the Latvian comments which was not, however, a memorandum or a *pro memoria* but merely something in writing for my convenience to avoid the necessity of my remembering all that he would say. He then read and later handed to me the attached paper.^{79a}

He said that he had two more points which he wished to mention in connection with this statement. The first, he said, was the fact that Latvia is a signatory of the Kellogg Pact obligating governments to refrain from the use of force as an instrument of policy and that the Latvian Government considers itself bound by the principles of this pact. The second point, he said, was a request which he wished to make, namely, that he be furnished with copies of the statements made by other Governments with respect to Mr. Hull's statement; he added that he would greatly appreciate receiving them. He said that he had no doubt various Governments would comment favorably upon the Secretary of State's statement and that he would be particularly interested in seeing the comments which the German, Italian and Russian Governments made. He stated further that obviously England and France and the small states subscribe to the principles featured in Secretary Hull's statement.

I told Mr. Munters that I felt sure the Secretary of State would be most interested in receiving the comments of the Latvian Government and that I would forward to the Department the text of the statement he had handed me and inform it of his oral statement concerning the Kellogg Pact and of his desire to receive the comments of other Governments.

E[ARL] L. P[ACKER]

711.00 Statement July 16, 1937/237

*Statement by the Latvian Minister for Foreign Affairs (Munters)
to the American Chargé in Latvia (Packer)*⁸⁰

[Translation]

The Latvian Minister for Foreign Affairs takes note with satisfaction of the observations which the Secretary of State the Honourable Cordell Hull made in his statement to the press on July 16, 1937.

In the first place Mr. Munters as representative of a member-state of the League of Nations desires to mark his full accord with the principle of the interdependence of States and of international events, both of political and economic character. Hence, in his view,

^{79a} *Infra*.

⁸⁰ Copy transmitted to the Department by the Chargé in his despatch No. 757, August 4; received August 24.

results the imperative necessity of international collaboration for the purpose of maintaining peace and promoting economic security and stability. He would like to interpret the expression "cooperative effort by peaceful and practicable means" used in Mr. Hull's statement in the widest possible sense implying definite and effective action.

The Latvian Government believe that many, if not all of the principles featured in the statement under consideration are embodied in the Covenant of the League of Nations to which they are pledged and the provisions of which they always have faithfully observed and shall continue to do so in the future. In this respect it would be of extreme importance to secure in the absence of universal acceptance of the Covenant the greatest possible measure of cooperation between the League and such countries as do not belong to that organisation or which have ceased to be its members.

In the feeling of the Latvian Minister for Foreign Affairs a marked success would be achieved if all countries would unequivocally recognize the principles set forth in the statement, more particularly those of non-interference in the internal affairs of other nations, sanctity of treaties and faithful observance of international agreements, as well as respect of rights of others and performance of established obligations.

Besides their participation in the work of the League of Nations the Latvian Government have given expression to their pacific policy through the conclusion of a treaty of collaboration with Estonia and Lithuania and through their unsparing efforts towards developing friendly relations with all the other countries, forming the geographical region to which Latvia belongs.

RIGA, August 3, 1937.

711.00 Statement July 16, 1937/253

*The Australian Minister for External Affairs (Pearce) to the American Consul General at Sydney (Wilson)*⁸¹

CANBERRA, August 3, 1937.

SIR: I have the honour to refer to your letter no. 711/800 of 26th July 1937,⁸² forwarding a copy of a statement made by the Honourable the Secretary of State on 16th July, and to inform you that I have read it with great interest. At the recent Imperial Conference its members placed on record the result of their deliberations on the subject of foreign affairs in the following statement:

⁸¹ Copy transmitted to the Department by the Consul General in his despatch No. 489, August 6; received September 10.

⁸² Not printed.

"The representatives of the Governments of the British Commonwealth of Nations gathered in the conference, have in the course of their proceedings had an opportunity of exchanging views upon foreign affairs and the international situation as it affects their respective interests and responsibilities.

"While no attempt was made to formulate commitments, which in any event could not be made effective until approved and confirmed by the respective Parliaments, the representatives of the Governments concerned found themselves in close agreement upon a number of general propositions which they thought it desirable to set out in the present statement.

"They agreed that for each member of the Commonwealth the first objective is the preservation of peace. In their view the settlement of differences that may arise between nations and the adjustment of national needs should be sought by methods of cooperation, joint enquiry and conciliation. It is in such methods, and not in recourse to the use of force between nation and nation, that the surest guarantee will be found for the improvement of international relations and respect for mutual engagements.

"Holding these views and desiring to base their policies upon the aims and ideals of the League of Nations, they found themselves unanimous in declaring that their respective armaments will never be used for purposes of aggression or for any purpose inconsistent with the Covenant of the League of Nations or the Pact of Paris.⁸³ At the same time, being impressed with the desirability of strengthening the influence of the League by the enlargement of its membership, they united in expressing the view that this object would be facilitated by the separation of the Covenant from the Treaties of Peace. Observing that in respect of certain regions in which a number of States have special interests, regional agreements of friendship and collaboration between individual members of the British Commonwealth and the other States so interested have been entered upon or may be contemplated, they welcomed all such agreements in so far as they can be made to contribute to the cause of peace, and do not conflict with the Covenant of the League of Nations.

"They noted with interest the statement made on behalf of the Australian Delegation at the opening Plenary Meeting that Australia would greatly welcome a regional understanding and pact of non-aggression by the countries of the Pacific, and would be prepared to collaborate to that end with all the peoples of the Pacific region in a spirit of understanding and sympathy. They agreed that if such an arrangement could be made it would be a desirable contribution to the cause of peace and to the continued maintenance of friendly relations in the Pacific, and that it should be the subject of further consultation between Governments.

"They all desired earnestly to see as wide a measure of disarmament as could be obtained. At the same time they were agreed that the several Governments of which they are the representatives are bound to adopt such measures of defense as they may deem essential for their

⁸³ Treaty for the Renunciation of War, signed August 27, 1928, *Foreign Relations*, 1928, vol. 1, p. 153.

security, as well as for the fulfilment of such international obligations as they may respectively have assumed.

"Being convinced that the influence of each of them in the cause of peace was likely to be greatly enhanced by their common agreement to use that influence in the same direction, they declared their intention of continuing to consult and co-operate with one another in this vital interest and all other matters of common concern.

"The representatives of the several Governments concerned further had under review the possibility of reviving confidence and increasing the stability of economic and financial conditions in the world, a process which they considered essential to the prosperity of individual countries as well as to international peace. In order to assist in furthering this end, they declared themselves ready to co-operate with other nations in examining current difficulties, including trade barriers and other obstacles to the increase of international trade and the improvement of the general standard of living.

"Finally the Members of the Conference, while themselves firmly attached to the principles of democracy and to parliamentary forms of government, decided to register their view that differences of political creed should be no obstacle to friendly relations between Governments and countries, and that nothing would be more damaging to the hopes of international appeasement than the division, real or apparent, of the world into opposing groups."

The attitude of the British Commonwealth of Nations to the international situation would appear accordingly to correspond in all material respects to that of the United States.

I have [etc.]

G. F. PEARCE

711.00 Statement July 16, 1937/84a : Circular telegram

*The Secretary of State to Certain Diplomatic and Consular Representatives*⁸⁴

WASHINGTON, August 4, 1937—1 p. m.

Department's circular telegram July 17, 2 p. m. My statement of July 16 was prepared, not to apply to any one given problem or set of circumstances, but in the hope that if we could obtain a series of messages from all over the world approving the principles of my declaration as the norm for international relations, the cumulative effect upon publication would be enormous and would do much to revitalize and to strengthen international law and international morals.

Thus far we have received a large number of favorable replies and have been given indication that others are being prepared and may soon be expected.

⁸⁴ Sent to the Diplomatic Officers in charge in Albania, Austria, Belgium, Bulgaria, Canada, Colombia, Costa Rica, Czechoslovakia, Denmark, Dominican Republic, Egypt, Estonia, El Salvador, Finland, Germany, Haiti, Honduras, Greece, Iran, Iraq, Irish Free State, Latvia, Liberia, Lithuania, Mexico, Netherlands, Norway, Poland, Portugal, Rumania, Siam, Switzerland, Turkey, Union of South Africa, and Yugoslavia; and to the Consular Officers at Sydney and Wellington.

Since it is my intention to make known publicly a world-wide reaffirmation of the principles enunciated in my statement of July 16, at the earliest possible date, it will be difficult to withhold publication of at least a first installment of these replies much longer.

You are requested, therefore, to tell the Foreign Office that it would be a source of disappointment if we could not include a text from the country to which you are accredited in the first publication, which will probably take place within the next few days. Should a text be communicated to you, you are requested to telegraph it to the Department at once. If it is of undue length thus to send please advise.

HULL

711.00 Statement July 16, 1937/1b : Telegram

The Secretary of State to the Ambassador in Italy (Phillips)

WASHINGTON, August 4, 1937—6 p. m.

135. Department's circular telegram July 17, 2 p. m. You are requested to call on Ciano and explain the following:

On July 16, 1937, I made a declaration containing certain general principles of policy. This statement was prepared in the hope that, if other governments should approve the principles of this declaration as the norm for international relations, a constructive step would have been taken towards revitalizing and strengthening international morals and international law.

Please make it clear that I have no wish to press the Italian Government in this matter but since it is our intention to make known publicly the response to this statement and since it will be difficult to withhold more than a few days longer publication of at least a first installment of the replies which have thus far been received, the Italian Government may wish to indicate its attitude so that its reply may be included with the views of other governments.

You are requested, moreover, if the Italian Government replies, to telegraph the text to the Department at once.

HULL

711.00 Statement July 16, 1937/77 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, August 4, 1937—7 p. m.

[Received August 4—4:25 p. m.]

113. My 1103, August 3, 11 a. m.⁸⁵ I received this morning a note dated August 3, 1937 of which the following is a translation:

⁸⁵ Not printed.

"My Dear Ambassador: In the course of the cordial and frank conversations which I have had the pleasure to have with you, you have been kind enough to communicate to me the declarations which the Secretary of State of the United States of America made to the press on the 16 of July last, expressing the views of the Federal Government with regard to the world situation and the problems which pre-occupy all nations.

I was happy to be able to note once more the likeness of the feelings which present circumstances inspire in the Governments of our two countries.

Today, more than ever before, the need is evident for solidarity between all the nations of the world and vigilant attention to every situation which might lead to a resort to force. In counselling moderation in the realm of international affairs and national affairs; in advising nations not to interfere in the internal affairs of other nations; in recommending the settlement of differences by negotiations and peaceful agreements; in insisting that international obligations should be faithfully observed and carried out in a spirit of justice, mutual helpfulness and reconciliation, Mr. Cordell Hull has stressed those wholesome methods which should assure the maintenance of peace.

The restoration of economic stability in the world, the reestablishment of active international trade as rapidly as the individual situation of each country permits, the expansion of markets are the aims toward the achievement of which the French Government is concentrating its efforts.

It also desires to see a lightening of the burdens which armaments impose so heavily on the majority of nations and it hopes for the realization, in security and justice, of conditions favorable to a limitation and reduction of these armaments.

The peaceful collaboration of all nations is, indeed, the objective toward which the French Government is striving, and it desires by its international activity and that of the nations with which it is associated to bring the largest contribution possible to this supreme achievement.

This will, I trust, my dear Ambassador, indicate to you with what sympathy the sentiments expressed by your distinguished Secretary of State have been received in France, and what a genuine pleasure it is to me to ask you to transmit to him my cordial and sincere appreciation.

Signed Yvon Delbos."

BULLITT

711.00 Statement July 16, 1937/164

*Aide-Mémoire by the Colombian Minister of Foreign Relations (Turbay) to the American Minister in Colombia (Dawson)*⁸⁶

[Translation]

In a conversation of August 4, 1937, the Minister of Foreign Relations, Dr. Turbay, said that he has read with the greatest interest the statement issued in Washington by the Secretary of State of the

⁸⁶ Transmitted to the Department by the Minister in his despatch No. 1705, August 5; received August 11.

United States under date of July 16 last, which Mr. Dawson has been kind enough to communicate to him.

Dr. Turbay recalled that the message presented to Congress on July the 20th by the President of Colombia, Dr. Alfonso López, in explaining the Colombian initiatives at the Inter-American Peace Conference of Buenos Aires, is pregnant with ideas concerning the necessity of maintaining peace on juridical and moral bases. These concepts show that the international policy of Colombia is based on postulates similar to those which the Secretary of State, Mr. Cordell Hull, has expressed in his statement.

Dr. Turbay said that the juridical coordination of the principles of peaceful international coexistence, based on respect for the sanctity of treaties freely agreed upon, is the cornerstone of the structure of inter-American solidarity which has been in the process of erection at the various Pan American Conferences, within the aspiration which we see gradually achieved of providing permanent norms for the peaceful solution of conflicts between nations of this continent and of contributing in this way to the progress of international law in the world.

The Minister of Foreign Relations expressed his deep satisfaction at the generous declarations which the Secretary of State of the United States has made at a time of serious disturbances in the world and noted with pleasure that they concord with the ethical principles which guide the Government of Colombia in the conduct of its foreign relations.

The Minister of Foreign Relations took advantage of the opportunity to inform Mr. Dawson that the Government of Colombia, in pursuing the policy set forth, has recommended to Congress the approval of the treaties and conventions adopted at the Inter-American Peace Conference of Buenos Aires and that it is disposed to cooperate with the other nations with a view to giving practical effect to the principles of law there established in favor of collective security and universal peace.

BOGOTÁ, August 4, 1937.

711.00 Statement July 16, 1937/102

*Statement by the Dominican Secretary of State for Foreign Affairs (Bonetti Burgos) to the American Chargé in the Dominican Republic (Atwood)*⁸⁷

[Translation]

The Dominican Government, under the inspiration and direction of President Trujillo Molina, illustrious statesman who has given

⁸⁷ Copy transmitted to the Department by the Chargé in his despatch No. 3969, August 4; received August 6.

singular demonstration of his love for the cause of justice and international order, has not weakened nor will it weaken at any time its cooperation to as many efforts as are realized, not only on the American Continent but in any part of the world, in favor of the maintenance and the consolidation of peace, whose benefits extend to all people and whose conservation must be, as a consequence, a common ideal of all nations. A threat against peace no matter in what continent or what country it is produced, necessarily has universal repercussions and all governments, even the least directly affected by such an act, are obligated to condemn it as the violation of a principle of international ethics according to which the differences and conflicts which arise between the nations must be resolved in accordance with pacific procedure and the friendly formulas that right and morality place within the reach of all states.

The Dominican Government identifies itself with the declarations made on the sixteenth of last July by the Secretary of State of the United States of America, His Excellency Cordell Hull, which are in essence a ratification of the ideas of mutual respect and of sincere pacific collaboration which inspired the recent Conference at Buenos Aires, and is pleased to proclaim, in view of the conflicts that agitate other continents and place in danger the tranquillity of the world, its decided and loyal adherence to the cause of peace, to the noble postulates of justice and of law, to the principle of non-intervention by any country in the internal or external affairs of another, and of the sanctity of international pacts whose reform should not be effected except by absolute submission to legal norms when necessity thus requires it, or when their provisions reflect upon the dignity or the sovereignty of any state or which may be opposed in practice to the reassuring realities of mutual respect and solidarity of nations.

[CIUDAD TRUJILLO,] August 1937.

ERNESTO BONETTI BURGOS

711.00 Statement July 16, 1937/87: Telegram

The Minister in Denmark (Owsley) to the Secretary of State

COPENHAGEN, August 5, 1937—3 p. m.

[Received August 5—10:52 a. m.]

21. Department's circular telegram August 4, 1 p. m.

"The Danish Government share the view that hostilities in any one part of the world exercise their influence everywhere.

We join in the desire for the preservation of peace expressed by Secretary of State Cordell Hull; it is also our desire that all states will refrain from the use of power against others and desist from

interference in the internal affairs of other states. We share the hope for the strengthening of international law and for the recovery of economic stability all over the world just as we adhere to the desire for a limitation and reduction of armaments. We express the hope that the participation of the United States of America in the efforts to carry these ideas into practice will lead to the desired end."

Please see my despatch No. 8,⁸⁸ mailed registered July 31.

OWSLEY

711.00 Statement July 16, 1937/80 : Telegram

The Vice Consul in Charge at Wellington (Lane) to the Secretary of State

WELLINGTON, August 5, 1937—4 p. m.
[Received August 5—6 : 15 a. m.]

Department's circular telegrams of July 22, 6 p. m. and August 4, 1 p. m. The following is the text of a communication which I have received from the New Zealand Foreign Office.

"August 2, 1937. Sir: I have the honor to acknowledge the receipt of your letter of the 29th July, and to thank you for the text of the statement made by the Honorable Cordell Hull, Secretary of State of the United States, on July 16, 1937, which I have perused with great interest and sympathy.

I shall be grateful if you will convey to the Secretary of State my acknowledgments of his courtesy, and advise him that His Majesty's Government in New Zealand warmly approve the views that the Secretary of State has expressed, and will be most happy to avail themselves of any opportunity of supporting and implementing the principles he has enunciated. I have the honor to be, Sir, your obedient servant, J. M. Savage, Prime Minister".

LANE

711.00 Statement July 16, 1937/140a : Telegram

The Secretary of State to the Chargé in Iran (Engert)

WASHINGTON, August 5, 1937—6 p. m.

36. Department's 31, July 22, 6 p. m.⁸⁹ Please seek an early occasion to call on the Foreign Minister and tell him of the pleasure I have had in observing from the terms of the Middle Eastern Pact signed at Teheran on July 8th,⁹⁰ a copy of which we have just received, that his Government and the other three Governments involved have clearly

⁸⁸ Not printed.

⁸⁹ Not printed; see footnote 10, p. 703.

⁹⁰ The Saadabad Pact, signed by Afghanistan, Iraq, Iran, and Turkey; League of Nations Treaty Series, vol. cxc. p. 21.

put into practice among themselves the good neighbor policy as advocated by the United States and explained in detail in my statement of July 16th. I request the Foreign Minister to accept my sincere congratulations on the part his Government under the guidance of His Majesty Reza Shah has played in this effort to foster and maintain peaceful relations with neighboring countries.

Please ask the Afghan representative to convey a similar message to the Afghan Foreign Minister.

A similar instruction is being sent to Baghdad and Istanbul.⁹¹

HULL

711.00 Statement July 16, 1937/111 : Telegram

The Minister in Albania (Grant) to the Secretary of State

TIRANA, August 6, 1937—10 a. m.

[Received 11:15 a. m.]

23. Legation's 22, August 5, 2 p. m.⁹² Following is the full text translation of the message received from Foreign Minister today addressed to me.

“Excellency: I have the honor to inform Your Excellency that I received your note No. 18 of July 29, 1937, with which you were kind enough to communicate to me the statement which His Excellency, Mr. Cordell Hull, Secretary of State made on July 16, 1937 with regard to international problems and situations.

I thank you, Mr. Minister, for this communication and I have the honor to express to you the whole sympathy of the Royal Government to the noble and well-wishing aims emanating from the statement in question in favor of the understanding of peoples, of the maintenance of peace, of the increase of international solidarity and of the betterment of the world's economic situation. The Albanian State, being completely inspired in its activities by pacific desires and aims, dedicating its entire struggle to development and advancement of the nation, praises with joy the principles expressed by His Excellency, Mr. Cordell Hull and wishes that aims of this kind may direct the activities of all the countries for the good of the world.

Please accept, Mr. Minister, my regards and the sentiments of my highest consideration. The Minister for Foreign Affairs, Ekrem Libohova.”

A copy of the above note is being mailed by today's pouch.⁹³

GRANT

⁹¹ Department's telegrams Nos. 18 and 63, respectively, August 5, 6 p. m., not printed.

⁹² Not printed.

⁹³ Despatch No. 455, August 6, not printed.

711.00 Statement July 16, 1937/117: Telegram

The Chargé in Haiti (Finley) to the Secretary of State

PORT-AU-PRINCE, August 6, 1937—2 p. m.

[Received 3:23 p. m.]

60. Department's circular July 22, 7 p. m. The Haitian Government has handed me the following statement (translation).

"The Haitian Government has noted with greatest interest the declaration made to the American press on July 16, 1937 by His Excellency Mr. Cordell Hull with regard to the position which the American Government proposes to take with regard to present international problems.

Some of these problems possess an exceptionally serious character and constitute a menace to world peace.

The Haitian Government believes firmly that a pacific and satisfactory solution can only be hoped for if the interested governments adopt on the political side as their rule of conduct principles based on the respect for the rights of all peoples, large and small, and on the economic side to put forth a resolute effort toward international cooperation.

By the declaration made by the Honorable Secretary of State Mr. Hull, the American Government has publicly confirmed its adhesion to these principles and has envisaged the adoption of them by other governments. These principles, moreover, have been proclaimed at the International Conference for the Maintenance of Peace held at Buenos Aires, and have been consecrated in the treaties, conventions and resolutions adopted at that conference.

The Haitian Government believes that the Honorable Secretary of State, Mr. Hull, by making public in his declaration of July 16 the attitude of his Government with regard to international problems—an attitude which in all its points conforms to the highest principles of international morality—has rendered an eminent service to the cause of peace.

The Haitian Government declares that it entirely approves the principles proclaimed by the Honorable Secretary of State Hull, gives them its fullest adhesion and is disposed in case of need to lend them every possible support."

Publication will take place here on whatever date the Department indicates.

French text by first air mail.

FINLEY

711.00 Statement July 16, 1937/118: Telegram

The Chargé in Brazil (Scotten) to the Secretary of State

RIO DE JANEIRO, August 6, 1937—4 p. m.

[Received 4:37 p. m.]

85. At a large luncheon today given by the Minister for Foreign Affairs in honor of the French writer, André Siegfried, which I at-

tended, the Minister made a very strong address portraying in no uncertain terms the precarious state of European politics and deploring the fact that since the last war it has become the increasing tendency of many nations to utilize war as an instrument of national policy. He added that it is this spectacle of the old world which fills all thinking men with horror and has led the United States to proclaim its policy to keep apart from entangling alliances and to strive to maintain peace by every possible means. He eulogized in the highest terms the policy of the United States and emphasized that Brazil will cooperate in this policy both on the American continent as well as with regard to Europe.

After the luncheon the Minister repeated to me what was previously reported to the Department in the Embassy's despatch No. 1453,⁹⁴ namely, that he made this speech deliberately in an effort to do what he could to reenforce the Secretary's statement of July 16. In view of this I venture to suggest that the Department send a message of appreciation to him.

The text of the Minister's speech will be sent by air mail.⁹⁵

SCOTTEN

711.00 Statement July 16, 1937/145

The British Ambassador (Lindsay) to the Under Secretary of State (Welles)

WASHINGTON, August 6, 1937.

DEAR MR. UNDER SECRETARY: With reference to your telephone message of this morning I enclose a message from Mr. Eden which I have just received in answer to Mr. Hull's statement on foreign policy of the 16th July.

Believe me [etc.]

R. C. LINDSAY

[Enclosure]

Statement by the British Secretary of State for Foreign Affairs (Eden)

I have read with deep interest Mr. Hull's statement on foreign policy of the 16th July, the text of which was communicated to me by the United States Ambassador. I cordially welcome and am in full agreement with the expression of opinion contained therein on international problems and situations both in the political and economic field. Mr. Hull's views on the ever increasing need for the preservation of peace, the vital importance of international co-op-

⁹⁴ July 30, not printed.

⁹⁵ Despatch No. 1459, August 7, not printed.

eration in every sphere, and the methods which are recommended for obtaining these objectives are shared in common by His Majesty's Government in the United Kingdom.

711.00 Statement July 16, 1937/243

Memorandum by the Estonian Minister for Foreign Affairs (Akel) to the American Minister in Estonia (Lane) ⁹⁶

[Translation]

TALLINN, August 6, 1937.

The Minister for Foreign Affairs expresses his great satisfaction over the statement which the Secretary of State the Honorable Cordell Hull made to the press on July 16th. He believes that the points enunciated in the statement are in entire accord with the principles governing the aspirations of Estonia in the field of her foreign politics and he wholeheartedly welcomes the spirit in which the statement was made. In the opinion of the Estonian Government a considerable success would be achieved if all countries would unreservedly recognize and apply these principles.

As a faithful member of the League of Nations Estonia has given her fullest support to all endeavors aiming at the realisation of the ideals so ably expressed in the statement of the Secretary of State, and she is prepared to participate in any such action also in the future. There can be no doubt that maintenance of peace and promotion of economic security and stability can be achieved only through a close and sincere international collaboration.

Besides her efforts in the framework of the League of Nations, Estonia has consistently shown her pacific aspirations in her foreign policy. She endeavors to establish the most friendly relations with all countries with whom she has the opportunity to collaborate.

FR[IEDRICH] AKEL

711.00 Statement July 16, 1937/238

The Chargé in the Union of South Africa (Russell) to the Secretary of State

No. 1226

PRETORIA, August 6, 1937.

[Received September 3.]

SIR: I have the honor to refer to the Department's cipher Instructions of July 22, 6 p. m., and August 4, 1 p. m., requesting this Legation to obtain and forward to the Department the comments of the Minister of External Affairs of the Union of South Africa, regard-

⁹⁶ Copy transmitted to the Department by the Minister in his despatch No. 229, August 6; received August 24.

ing the principles set forth in the statement of the Honorable Cordell Hull on July 16, 1937, as carried in Radio Bulletin No. 164, and also to the Legation's Despatch No. 1220, dated July 30, 1937,⁹⁷ entitled: "General Hertzog's views on American Foreign Policy".

I take pleasure in reporting to the Department that at 10 a. m. Friday, August 6, I called on General Hertzog, Premier of the Union of South Africa, and Minister of External Affairs, by appointment, to receive his comments and observations on the statement of the above principles which had been handed to the Union Department of External Affairs on July 27. After a short conversation General Hertzog handed to me his written statement of his observations on the principles enunciated by the Honorable Cordell Hull on July 16. This statement was an absolute confirmation of our conversation at the interview, and of that of the interview of July 27, except that he verbally stressed, in addition, the importance of international trade agreements, involving the lowering, or removal of excessive trade barriers and frankly advocated sacrifices, if necessary, on the part of Great Britain and of the members of the British Commonwealth of Nations in connection with trade agreements with the United States, as he considered that the successful negotiation of such agreements would be one of the greatest steps toward international peace.

I have today cabled to the Department,⁹⁸ stating that General Hertzog fully agrees with the principles enunciated by the Honorable Cordell Hull, and asking instructions as to forwarding by cable the full text of the former's statement, in view of its length and cost.

The statement in question is as follows:

"The statement of foreign policy by Mr. Cordell Hull in every respect conforms with the views held and policy adopted from time to time by the Government of the Union, for the purpose of defining its own attitude towards other states and indicating the principles of conduct which it expects to be observed by them in their dealings with the Union.

I, therefore, heartily approve of the statement of policy by the Secretary of State, so far as the Union is concerned under present circumstances.

I say: *under present circumstances*, for I cannot help feeling that if the Union had been in the position of a state laboring under wrongs confirmed or perpetuated by agreement at the point of the bayonet, such agreement could have little claim to any degree of sanctity; and certainly to none when the agreement had been obtained in a manner violating the established usage of war, or contrary to the dictates of international conscience. Before such an agreement can be accepted as enjoying the *principle of the sanctity of treaties* there should, it seems to me, first be an equitable measure of redress purifying it of the excesses resulting therefrom. In other words, a revision of the provisions of such an agreement could well

⁹⁷ Not printed.

⁹⁸ Telegram No. 25, August 6, not printed.

be insisted upon by the state wronged prior to its approval of the *principle of the sanctity* of treaties.

If this view is correct, Mr. Hull's advocacy of *faithful observance of international agreements* would require qualification of a restrictive nature."

Both in the letter transmitting the above written statement and in the conversation of August 6, General Hertzog requested me to convey to the Honorable Cordell Hull his very sincere regards, together with his deep appreciation of the feeling which prompted the Secretary of State to submit to him, for consideration, his statement on foreign policy.

Respectfully yours,

H. EARLE RUSSELL

711.00 Statement July 16, 1937/124 : Telegram

The Minister in Egypt (Fish) to the Secretary of State

ALEXANDRIA, August 7, 1937—noon.

[Received August 7—9 : 10 a. m.]

65. Your circular telegram of August 5 [4], 1 p. m. At my second call on the Minister of Foreign Affairs in regard to the statement of the Secretary of State of July 16th the Foreign Minister informed me orally this morning that Egypt approves heartily of the principles set forth in the statement and that while the Egyptian Government is willing and anxious to do whatever it can toward keeping alive and making effective these principles it realizes that small countries such as Egypt can do little towards promoting world peace, a matter which Egypt feels to be within the control of the large powers alone.

The Foreign Minister stated that he was particularly pleased that the United States, a country that could easily refuse to interest itself in the troubles of the rest of the world, was taking this initiative in an effort to maintain world peace. He said that he considered the Secretary's statement a continuation of the policy enumerated in the Kellogg Pact and that Egypt because of its geographical position is particularly interested in all such efforts to prevent war.

The Foreign Minister said that his reply was to be considered as approval of the statement as a whole.

FISH

711.00 Statement July 16, 1937/129 : Telegram

The Chargé in the Irish Free State (Armstrong) to the Secretary of State

DUBLIN, August 7, 1937—8 p. m.

[Received August 7—7 : 15 p. m.]

38. Referring to Department's circular July 22, 6 p. m. Following note received today from the Department of External Affairs sent by

direction of the President, Minister for External Affairs of the Irish Free State Government,

"The Government of Saorstát Éireann is heartily in agreement with the principles set forth by the Secretary of State in his statement of July 16 on the subject of international relations. We feel, however, that even the general acceptance of these principles is not sufficient. The good will of the nations to put them into practice is essential. Before this can be hoped for existing injustices which frustrate every effort towards effective international understanding must be removed. Only on such a basis can there be secured that active international cooperation which is needed for the solution of the problems to which the Secretary of State refers."

ARMSTRONG

711.00 Statement July 16, 1937/196

*The Costa Rican Secretary of State (Zúñiga Montúfar) to the American Chargé in Costa Rica (Collins)*⁹⁹

[Translation]

No. 381. B

SAN JOSÉ, August 7, 1937.

Mr. CHARGÉ D'AFFAIRES: I had the honor to receive in due course the courteous communication of Your Honor, dated July 23 last, with which you were kind enough to send me a copy of the declarations contained in a telegram of the same date, of the Most Excellent Cordell Hull, Secretary of State of the great North American Union, so worthily represented by Your Honor.

At the same time, Your Honor requested an early opportunity to consider and discuss personally the important and far reaching telegraphic statement of the Most Excellent Mr. Hull.

In the interview that I had the honor of holding with you in respect thereto on July 30, in my office, it was highly gratifying to me to express orally the profound satisfaction that the declarations of the Most Excellent Secretary of State, Cordell Hull, had inspired in me, both personally and as Secretary of State, and my wholly favorable judgment in regard to each and all of them. I promised you, in full compliance with your manifest wishes, a written reply in the name of my Government, as soon as I should have considered the matter with the President of the Republic and obtained his concrete instructions, constitutionally indispensable, owing to the great importance of the matter, in order that the actions of this Department might be considered as duly endorsed by the Executive.

Having now obtained full instructions from the President of the Republic, and complying with them with great pleasure, I have the

⁹⁹ Copy transmitted to the Department by the Chargé in his despatch No. 1458, August 10; received August 14.

honor to address myself in the name of my Government, to the declarations of the Most Excellent Secretary of State, Cordell Hull:

Presenting and summing up the proposals and suggestions that he has received from various sources, in view of the delicate situation that various countries of the world confront, the Most Excellent Secretary of State, Cordell Hull, contemplates the state of tension and violence that, although it apparently involves only neighboring and near countries, is shown in the final analysis to extend to the whole world, since any regional situation that implies armed hostilities, or threats of such hostilities, is a situation of such nature that the rights and interests of all nations are or may be seriously affected. Serious hostilities cannot exist in any part of the world without affecting in some manner the interests, obligations and rights of the United States. By reason of all this, the Most Excellent Mr. Hull feels himself warranted in making, and considers himself duty bound to make, known, the attitude of his Government in regard to the international problems and conditions over which the United States feels deep concern. And occupying a superior plane in the contemplation and the envisioning of the highest interests of humanity, the Most Excellent Mr. Hull advocates the maintenance of peace; national and international self restraint for each of the nations; abstinence by all nations from the use of force in the pursuit of their policy, and from intervention in the internal affairs of other nations; adjustment of problems in international relations by process of peaceful negotiation and agreement; faithful observance of international agreements; maintenance of the principle of the sanctity of treaties, and their modification, when necessity arises, by orderly process brought to happy conclusion through full accommodation and mutual helpfulness; respect by all nations for the rights of others and fulfillment by all of them of established obligations; revitalizing and strengthening of international law; lowering or removal of excessive barriers in international trade; effective equality of commercial opportunity, and application of the principle of equality of treatment; limitation and reduction of armaments; international cooperation by peaceful and practicable means in support of all the principles enunciated.

The explicit, frank and lofty declarations of the Most Excellent Mr. Hull, transmitted to all the Latin nations of the American Continent, constitute a new and serious invitation from the Government of the United States of America for the practical adoption of all the means that, in the science of contemporary international law, are necessary to prevent armed conflicts, to curb the use of force, and to preserve balance, harmony and the reconciliation of interests in the relationship of the nations.

In the early part of the last century, when the greatness and authority that, in a prodigious miracle of history, the United States has achieved, began to shape themselves, and make themselves felt through definite positions taken in defense of the rights of America in the international politics of the Old World, the illustrious Minister for Foreign Affairs of Great Britain, George Canning, uttered his famous saying recently recalled to the memory of America by the thinker Nicholas Murray Butler, that the New World had been created to restore the balance of the Old World. In the light of history, in a century and a half, these words have assumed a prophetic significance, in view of the force of the thought, of the will and of the action that have developed American international law, impelled mainly in its beginnings, and its evolution by the highest intellects and the strongest hearts that have directed and guided the destinies of the United States in the course of its international relations with the other nations of this Continent and with the powers of the Old World.

John Quincy Adams, in the memorable time of President Monroe, was the precursor of the New American International Law; and, since, there have succeeded him as outstanding influences, by reason of the force of their intellects and of the steely power of their will, Henry Clay, James G. Blaine and Elihu Root, who have been the true apostles of the basic principles of the relationship of the American nations. And in the present century of world unbalance have arisen for the good of the peoples of America and for the balancing of the Old World, the illustrious President of the United States, the Most Excellent Franklin D. Roosevelt, and his no less illustrious Secretary of State the Most Excellent Cordell Hull, who, confronted by the distinct aspect of current events, initiate a new international policy, consecrated by the denomination of "good neighbor" policy; and are prosecuting energetically the work of conciliation, of peace and harmony, proclaiming the ideal of American interdependence, laying down the principles for its direction, and indicating the means, and bringing about the opportunities, for its realization.

Following the Seventh International Conference of American States, held at Montevideo in December 1933, for the consecration of the new American agreements and the confirmation of the "good neighbor" policy, at which the spirit of President Roosevelt and Secretary Hull made itself so felt, there took place last year at Buenos Aires the Inter-American Conference for the Maintenance of Peace, convoked in his communication of January 30, 1936, by the Most Excellent President Roosevelt, and seconded by the Most Excellent Secretary Hull. Both American statesmen gave the confer-

ence prestige and strength by their presence, and vitality by the force of their thought and their word, contributing effectively to the formation and approval of the international juridical bodies at that time agreed to by all the American nations, for the maintenance, guaranteeing and reestablishment of peace; to coordinate, amplify and assure the fulfillment of existing treaties; to establish the basic principles of non-intervention and of the rights of small nations. This outstanding labor of the present Government of the United States has been of positive efficacy as an element of moral control for the harmonious relationship of the nations of America, and an edifying example for the nations of the Old World.

The recent declarations of the Most Excellent Secretary of State Hull constitute another strong impulsion given with the same high aims to the buttressing of the international principles proclaimed and accepted at the Inter-American Conference for the Maintenance of Peace.

All these principles are accepted with sentiments of the most profound satisfaction by my Government, for the ideological force with which they are invested, and as rules of intercourse for an international relationship of peace, of harmony, and of compenetration of interests between the nations, as well as for the support that they command before the world through being proclaimed by a nation like the United States, respected, and worthy of respect, for the component elements forming the whole of its institutions and for its effective power and its greatness in the world concert. If acceptance and due regard for these international principles are the best guaranty of a harmonious, peaceful and just relationship between the great powers of the world, they must be so with more force as the sole stay of the small nations which count for the integrity of all their attributes on the effective reign of Right, on the real rule of Justice and on the empery of Equality among all nations.

The state of tension and of violence existing in a certain number of nations, which the Most Excellent Secretary Hull has so fittingly set forth as cause of deep concern to his Government, as well as the commercial conflict that likewise prevails as a dominant condition in an important part of the nations, indeed, all that which is to be looked upon in these times as a deviation of humanity in the course of its improvement and progress, appear to confirm in our day the theory of cyclical reactions in humanity during its historical process, which turn it periodically, by centrifugal force, counteragent of egoism, toward the conditions of the civilization and culture of its ancestral origins. But under the same theoretical law, these reactions have, necessarily and fortunately, their return to normality, through the propelling action of the centripetal force of the noble and altruistic

sentiments of mankind, which conduce to fellowship, to harmony, to peace, through the channels worn by civilization and culture in the course of history. And in the present historical moment of the world the state of reaction that His Excellency Mr. Hull sets forth in his statement, affecting the rights, the obligations and the interests of all nations, has encountered its strong countermovement with its altruistic and humanitarian effort toward peace, fellowship and harmony, in the moral and material force of the United States, channeled by the vigorous and wise mentality of the two great statesmen who control their country's destinies in its international life, the Most Excellent President Roosevelt and the Most Excellent Secretary of State Cordell Hull. And my Government considers that it is the fundamental duty of Costa Rica, as an integral part of the American Continent and as a member of the community of nations, to lend its frank and decided cooperation to this powerful initiating force which emanates from the United States, and to embrace unreservedly the principles that constitute its ideologic fundamentals and its practical measures for realization and fulfillment.

In the foregoing terms I have now answered Your Honor's courteous note of July 23 last, as well as that relating to the same matter of August 5.

I take [etc.]

TOBIÁS ZÚÑIGA MONTÚFAR

711.00 Statement July 16, 1937/207

*The Panamanian Secretary of Foreign Relations and Communications (Lefevre) to the American Chargé in Panama (Flewer)*¹

[Translation]

DD No. 1669

PANAMÁ, August 7, 1937.

MR. CHARGÉ D'AFFAIRES: I take pleasure in referring again to your memorandum, dated the 24th of July, last past, of which I acknowledged receipt by *note verbale* of the 30th of the same month.²

This Ministry has followed with positive interest the definite attitude which the Department of State of the United States of America has maintained during the grave events which are at present disturbing the world, because of serious disorders occurring in various countries, and which, in addition to the places where they are developing, affect other nations and proportionally injure their rights and interests while threatening the peace of the world.

The Republic of Panamá, in an official document of the 6th of April of the present year, stated that, for the very reason that full account is

¹ Copy transmitted to the Department by the Chargé in his despatch No. 1148, August 10; received August 16.

² Neither printed.

taken of the characteristic conditions of this country, it tries to be "zealous in the fulfilment of its obligations and in the defense of its rights as an independent nation" and, consequently, "it maintains a very clear international policy as regards its abstention from all intervention, in matters which may be considered of an internal nature, in those countries with which it maintains relations, and as a logical consequence, for its part, neither does it desire any intromission in its internal questions"; on account of which its Government sees with pleasure that, when in various parts of the world humanitarian sentiments of international concord become weakened, the Government of the United States assumes a noble, decidedly impartial attitude, and becomes a champion of peace, at the same time proclaiming its self-restriction and its own continence, national as well as international, and it advocates that all nations cease the use of force for political ends and interference in the internal affairs of the rest; and it also favors settlement of international problems by process of friendly negotiation and peaceful accord, fundamental bases of true international law, which must be built on mutual justice and respect, and on due fulfilment by all countries of their respective duties and obligations. This ample policy,—of which His Excellency Franklin D. Roosevelt, President of the United States of America, has given undisputable proofs since the beginning of his administration,—is a guaranty of stability and progress for all nations, especially for the small ones.

Panamá has always tried to fulfil its contractual obligations; and it considers, as His Excellency Cordell Hull, Secretary of State of the United States of America, recommends, that public treaties must be faithfully executed, without this implying that, when there is justification for modifying them, they may not be adapted,—by friendly negotiations,—to the new conditions which are thus demanded, in the sense that a liberal interpretation of said treaties must prevail, in preference to the rigorous application of an obscure or anachronistic literal meaning; and that the contracting parties shall go on, inspired by a sincere desire for cordial coöperation.

All the foregoing clearly explains the identification of the Republic of Panamá with the transcendental declarations of the Honorable Secretary of State of the United States of America, to which reference has been made, and why it adheres thereto, as was stated in the aforementioned *note verbale*, since they constitute, furthermore, a positive hope that harmony may predominate at last in the international concert, especially among the republics of the American hemisphere.

Panamá, bearing in mind its exceptional geographic location, pledges itself to eliminate every obstacle which may hinder world commerce, animated by the aim of facilitating those commercial trans-

actions as far as possible. Consequently, it must view with satisfaction the fact that the great republic of the north advocates "the reduction or the total removal of excessive barriers to international commerce", and that it seeks "effective equality of opportunity to trade", endeavoring earnestly that every nation "apply the principle of equality of treatment", in order to obtain economic and commercial equilibrium, secure fountains of peace and progress.

Because of its size as well as its population, the Republic of Panamá is not directly affected by the problems concerning exaggerated armaments, although it duly considers the dangers which immoderate excess of elements of war constitutes for universal peace; and it also takes into account the advantages which limitation and reduction of those armaments represent in benefit to universal fraternity. At the same time it understands the unavoidable necessity of certain powers, such as the United States of America, for maintaining means of defense appropriate to the necessary protection of national security, although they are ready,—as this country has shown on several occasions,—to make the required reductions, when the other nations do likewise.

This explanation evidences the justified reasons that the Government of Panamá sincerely supports the important declarations of His Excellency Cordell Hull, Secretary of State of the United States, declarations favorable to coöperative effort, by pacific and practical means, which tend to carry forward and to make effective the transcendental ideals and principles which those statements involve.

I avail myself [etc.]

J. E. LEFEVRE

711.00 Statement July 16, 1937/226

*The Norwegian Minister for Foreign Affairs (Koht) to the American Minister in Norway (Harriman)*³

LYSAKER,⁴ August 7, 1937.

MY DEAR MRS. HARRIMAN: When on July 19, you read to me the statement of principles enunciated by Secretary Hull three days before, I declared immediately that I could find nothing in them that was not in the fullest accordance with the policies maintained by the Norwegian Government for many, many years. I know that you have reported to your Government what I said orally to you on that occasion, and it is a pleasure to me to confirm it in writing. In fact, I think that Secretary Hull has stated in an admirable way the principles of justice and peace that ought to govern international relations, and it would mean a great advance toward uni-

³ Copy transmitted to the Department by the Minister in her despatch No. 20, August 9; received August 21.

⁴ Residence outside Oslo of the Norwegian Foreign Minister.

versal peace if he might be able to unite all the governments of the world, in particular those of the great powers, in an honest effort for carrying those principles into execution.

Very sincerely yours,

HALVDAN KOHT

711.00 Statement July 16, 1937/127: Telegram

The Chargé in Iraq (Satterthwaite) to the Secretary of State

BAGHDAD, August 8, 1937—4 p. m.
[Received 4:25 p. m.]

24. Department's circular July 22, 6 p. m. The Foreign Minister handed me today the following personal comment for transmission to you. Dr. Asil hopes to send a second message expressing the attitude of his Government for which approval of the Council of Ministers is required in about a week.

"I have read with the greatest interest the statement of July 16th last issued by the Secretary of State, the honorable Cordell Hull.

The principles set forth in that statement, if accepted and applied by all the nations of the world, would not only lead to the maintenance of peace and friendly cooperation but would also help to create an atmosphere of confidence which is essential for maintaining the spirit of international justice and mutual helpfulness among the nations of the world.

As regards the idea, which we duly respect, of avoiding alliances and commitments warranted by the special circumstances of the United States of America, the fact that Iraq has entered into alliances with its sister Arab countries and other neighboring states was actuated by a sincere desire on its part to serve the cause of peace in the Middle East in particular and in the whole world in general."

The foregoing was prepared prior to the receipt by the Foreign Minister of your message of August 5, 6 p. m.⁵

SATTERTHWAITE

711.00 Statement July 16, 1937/135: Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHERAN, August 9, 1937—noon.
[Received August 9—11:23 a. m.]

64. Your telegram No. 36, August 5, 6 p. m. I have only this morning been able to see the Minister of Foreign Affairs. He expressed great pleasure at receiving your message and asked me to thank you very cordially. He said we could always depend on Iran as eager to work in the interest of peace even though it might require sacrifices on

⁵ See telegram No. 36, August 5, 6 p. m., to the Chargé in Iran, p. 753.

her part, as was the case in the settlement of the boundary dispute with Iran [*Iraq*].

Department's circular August 4, 1 p. m. The Foreign Minister regrets the delay but hopes to let me have statement in a few days.

ENGERT

711.00 Statement July 16, 1937/143 : Telegram

The Chargé in Germany (Mayer) to the Secretary of State

BERLIN, August 9, 1937—5 p. m.

[Received August 9—1:10 p. m.]

191. Department's circular telegram August 4, 1 p. m. The failure of the Department to receive any German comment upon the Secretary's statement of July 16 appears to have been due to a misunderstanding. The Foreign Office read to me this morning Staatssekretær Mackensen's memorandum of his conversation with Ambassador Dodd during which he made the following comment on the Secretary's statement (see Embassy's 167, July 27 [21], 11 a. m.⁶).

"The Reich Government has taken note of the statement of Secretary of State Hull with due interest. Its basic principle is as is generally known directed toward the regulation of international relations by pacific agreement and hence coincides with the ideas developed by the Secretary of State".

According to the Foreign Office the Staatssekretær felt that this constituted the German Government's reply.

MAYER

711.00 Statement July 16, 1937/118 : Telegram

The Secretary of State to the Chargé in Brazil (Scotten)

WASHINGTON, August 9, 1937—7 p. m.

47. Your 85, August 6, 4 p. m. You will please make an appointment with the Minister for Foreign Affairs at an early opportunity and express to him my great appreciation and satisfaction for his wholehearted support of the policy of the United States in international affairs, as set forth in my statement of July 16. Please state to the Minister that it is particularly heartening to be assured that Brazil and the United States are in such close accord and can continue to cooperate in the effort to maintain peace and to work for the betterment of international relations. This cooperation is of special satisfaction to the Government of the United States and it is always a personal pleasure to me to continue the cordial and effective cooperation between our two Governments.

HULL

⁶ Not printed.

711.00 Statement July 16, 1937/255

*Aide-Mémoire by the Lithuanian Minister for Foreign Affairs
(Lozoraitis)*⁷

[Translation]

Mr. Lozoraitis, Lithuanian Minister for Foreign Affairs, having taken notice of the declaration of the Secretary of State of the United States of America, which was communicated to him by Mr. Kuykendall, Chargé d'Affaires of the United States at Kaunas, has the honor to make the following statement:

The Lithuanian Government can only congratulate His Excellency the Secretary of State of the United States of America on his declaration. It is convinced that renunciation of the use of force in pursuit of policy, strict adherence to treaties and solution of international problems by peaceful negotiations and reciprocal agreements can save the international community from conflicts and assure it peace, security as well as the application of the principles of right in international relations.

The Lithuanian Government is of the opinion that the surest way to the realization of the principles set forth in the statement insofar as it concerns the members of the League of Nations is through that organization itself of which Lithuania is a loyal member. Further, the collaboration of that organization with non-member states would be of signal importance.

May it be recalled on this occasion what Mr. Lozoraitis, Lithuanian Minister for Foreign Affairs, stated on July 2, 1936 during a plenary session of the Assembly of the League of Nations:

“ . . . Lithuania has never wavered in its faith or hope in the Geneva organization, particularly because its weakness, due to which my country has suffered so much, with time would be strengthened, its administration improved, and made complete in effect, free in its competence for the settlement of international disputes and especially effective in obviating violations of treaties or obligations undertaken.”

Lithuania would welcome all efforts tending to increase the guarantees of peace and right.

KAUNAS, August 9, 1937.

711.00 Statement July 16, 1937/201

*The Mexican Minister for Foreign Affairs (Hay) to the American
Chargé in Mexico (Boal)*⁸

[Translation]

38616

MEXICO, August 9, 1937.

MR. CHARGÉ D'AFFAIRES: In connection with the statement made in Washington on July 16th last by my eminent colleague The Honor-

⁷ Copy transmitted to the Department by the Chargé in Lithuania in his despatch No. 239 (Diplomatic), August 11; received August 26.

⁸ Copy transmitted to the Department by the Chargé in his despatch No. 5201, August 10; received August 16.

able Cordell Hull, Secretary of State of the United States of America, I take pleasure in informing you that I have received instructions from the President of the Republic, General of Division Lazaro Cárdenas, to convey to you the following comment which the President has been good enough to send me in the premises:

The statement of the Honorable Secretary Hull abounds in affirmations which Mexico has traditionally upheld.

Undoubtedly the outbreak of hostilities between any nations whatsoever affects directly or indirectly the whole of humanity. Therefore no effort should be spared to avert armed conflict.

Mexico has always maintained that disputes should be settled by peaceful means.

Mexico considers that respect for the sovereignty of states is an indispensable condition for the preservation of peace.

Mexico has advocated non-intervention in the foreign and domestic affairs of other countries and has zealously observed the obligations of international friendship undertaken with other states.

Mexico deems a reduction in armaments expedient as a necessary (first) step in the attainment of complete disarmament.

Mexico is convinced that the problems which disturb or threaten to disturb the peace of the world can be solved only by a spirit of sincere collaboration among all nations, based on mutual respect and international justice.

Therefore Mexico applauds the attitude taken by the head of the Department of State of the United States of America and offers her active collaboration.

In transmitting to you the above text, I am particularly pleased to note the concurrence between the ideals upheld by the Government of this Republic and the aims defined by Secretary Hull, since such concurrence augurs a greater intensification of the cordial relations which so happily exist between our countries.

I renew [etc.]

EDUARDO HAY

711.00 Statement July 16, 1937/158: Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, August 10, 1937—9 a. m.

[Received 1:50 p. m.]

39. My 38, August 6, 5 p. m.⁹ Text of communication from Liberian Government transmitted to me by Secretary of State Simpson reads as follows.

“The Government of Liberia has noted with satisfaction the statement made on July 16th by the Secretary of State of the United States

⁹ Not printed.

of America with respect to disturbed conditions in various parts of the world and the attitude of the Government of the United States with regard to the international problems arising thereout.

The Liberian Government has consistently been devoted to the ideal of world peace as the basis of international security and the condition of stability in international relations.

The statement of the Secretary of State merits cordial acceptance in all parts of the world as the foundation of that international cooperation without which the present uncertainties, inequalities and injustices cannot be made to disappear.

This Government, whilst associating itself with the principles enunciated by Mr. Secretary Hull, indulges the hope that the declaration thus made by the Government of the United States of America will tend to stimulate the international will to peace."

WALTON

711.00 Statement July 16, 1937/162 : Telegram

The Minister in El Salvador (Corrigan) to the Secretary of State

SAN SALVADOR, August 10, 1937—4 p. m.

[Received 7:49 p. m.]

43. Referring to Department's circular telegram August 4, 1 p. m., text of Mr. Hull's statement of July 16 was brought to the attention of the Minister for Foreign Affairs informally, and under date of July 29 he despatched a note to the Legation, an informal translation follows:

"Excellency: I desire to thank Your Excellency in a special manner for your courtesy in sending me the declarations published by His Excellency, the Secretary of State of the United States, relative to the questions and suggestions he declared recently about various aspects of the problem of peace.

I have read those declarations with the attention that they merit and for their importance and the nobility of their teaching and for the idealistic purpose that animates them, it pleases me to observe that they contain theses of the greatest interest for the work of peace that the illustrious Government which is presided over by His Excellency President Roosevelt has proposed as a standard.

It gives me great satisfaction to confirm that the declarations themselves happily coincide in spirit with the policy of the Government of General Martínez¹⁰ who always has been and still is disposed to lend his friendly aid to the extent of his ability towards international peace".

CORRIGAN

¹⁰ President of El Salvador.

711.00 Statement July 16, 1937/163 : Telegram

The Ambassador in the Soviet Union (Davies) to the Secretary of State

Moscow, August 10, 1937—11 p. m.

[Received August 11—10:30 a. m.]

222. My 217, August 8, 11 a. m.¹¹ Moscow *Pravda* today carried an article entitled "Hull's declaration." The following represents a brief summary of this article:

1. Germany and Italy by "their insolent intervention" in Spain "are unleashing a new great war in Europe and the whole world."

2. The Japanese aggressor by endeavoring to convert China into a colony is dealing "a severe blow to the interests of England, the United States and other nations and threatens radically to change the existing correlation of forces in the Pacific."

3. "In the United States of America people in the broadest strata of American society are coming to realize more and more clearly that war having once broken out in any part of the world can rapidly develop into a world conflagration."

4. "In this connection the statement to the press made by Mr. Secretary of State Hull on July 16 is of profound interest." In it "Mr. Hull pointed to the peace loving position of the United States Government which defends the principles of abstention from the use of force in settling international problems and stands for scrupulous observance of treaties."

5. Mr. Hull invited comments from various governments regarding the principles enunciated in his statement. Litvinov in replying agreed with these principles "because they coincide with the general line followed by the Soviet Government in its foreign policy."

6. "The block of Fascist aggressive countries must be opposed by a camp of the nations that stand for peace." As Litvinov stated recently "the task of the moment consists in the strengthening, if one may so express himself, of the potential of peace. This potential consists not only in the defensive might of the peaceful states but to a considerable degree in such factors as the League of Nations Covenant, the Briand-Kellogg Pact, the regional pacts for mutual assistance, the ideas of collective security and inclinations of peace, the manifestations of solidarity of the peaceful countries and their ability to find a common language among themselves. The potential of peace in its totality plays a tremendous role in the retarding and staying off of aggression."

7. Although 37 nations have responded to Mr. Hull's statement, replies have not yet been received from Germany, Italy, and Japan. "The silence of the aggressors is more eloquent and more convincing than any of the bombastic 'pacifist' declarations and interviews of Hitler, Mussolini and the Tokyo diplomats."

8. "Every new manifestation in favor of such unity and solidarity of the forces of peace against Fascist incendiaries of war sounds as a

¹¹ Not printed.

warning to the unrestrained enemies of culture, democracy and national independence. From this point of view Mr. Hull's statement which has been supported by numerous countries acquires a positive political significance."

DAVIES

711.00 Statement July 16, 1937/173

*Memorandum by the Chief of the Division of European Affairs
(Moffat)*

[Extract]

[WASHINGTON,] August 10, 1937.

The Czechoslovak Minister called today. He was obviously much perturbed by the Hungarian answer ¹² to the Secretary's "eight pillars of peace" statement which he considered intemperate and inconsistent with the Secretary's attempt to formulate underlying principles in that it dealt solely with Hungary's immediate problems. He tried to make me comment on it which I took care not to do. He then asked if the Secretary was satisfied with the responses to which I countered that not all answers had come in and that we were certainly hoping to find a common denominator running through them all. He asked whether the Secretary intended to make any statement summarizing his impressions of the various answers and thought that he might want to take the occasion of his radio broadcast on September 19 to do this. The general impression that he left with me was that far from clearing the air, our handout had complicated the situation from Czechoslovakia's point of view.

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PIERREPONT MOFFAT

711.00 Statement July 16, 1937/259

The Ambassador in Poland (Biddle) to the Secretary of State

[Extracts]

WARSAW, August 10, 1937.

[Received August 26.]

MY DEAR MR. SECRETARY: I have the honor to attach hereto Colonel Beck's letter and attached *aide-mémoire* addressed to you personally bearing on your statement of July 16th, 1937.

¹² See telegram No. 36, July 24, 10 a. m., from the Chargé in Hungary, p. 706.

It might interest you to know that Colonel Beck remarked to me that he had never before put so much effort in preparation of a declaration of this nature. In fact, in my opinion, Poland has rarely made a commitment on policy of such breadth. I take occasion to draw your particular attention to the adoption by Minister Beck of the "good neighbor" policy in Eastern Europe. In my informal discussions with him on political matters, he has frequently made use of the terms *voisinage* and "good neighbor" in describing a new tendency in his policy. Undoubtedly, he has taken a leaf from the President's and your book in introducing the good neighbor policy into this none too peaceful part of Europe.

In closing may I not add my own congratulations upon the fundamental soundness of your declaration? Indeed, it combines the highest ideals with the realistic and I look for it to have a far-reaching constructive effect.

With [etc.]

A. J. DREXEL BIDDLE, JR.

[Enclosure—Translation ¹³]

The Polish Minister for Foreign Affairs (Beck) to the Secretary of State

WARSAW, August [9], 1937.

DEAR MR. HULL: I desire to thank you for your valued message transmitted through the kind hands of Mr. Biddle in connection with your statement to the press of July 16, in which I see a realistic effort toward establishing a peaceful and constructive international collaboration.

In line with this thought, I take the liberty of acquainting you with the general principles dominating the foreign policy of my country.

Accept [etc.]

J[ÓZEF] BECK

[Subenclosure]

Aide-Mémoire From the Polish Minister for Foreign Affairs (Beck) to the Secretary of State ¹⁴

[WARSAW, August (9?) 1937.]

1. The Polish Government consider that it is not possible to separate economic from political problems, since confidence is no less important than gold reserves, and can be achieved mainly by good politics.

¹³ Translation supplied by the editors.

¹⁴ Original in English.

2. International confidence should be based on a general conviction that the present generation can be preserved from a world conflagration.

3. This conviction can be produced through the creation of the right peace policy which, in the opinion of the Polish Government, should be constructed from its foundations. As the principal foundation the Polish Government consider the development of good neighbour policy. It should be fostered with special care and any initiative in this respect should be able to count on proper encouragement from all elements wishing sincerely and in a practical manner for peace.

4. In considering more general political or economic agreements which form a superstructure of international peaceful cooperation it is necessary, in the opinion of the Polish Government, to bear in mind that the more states are included the more general should be the principles of agreement. Experience has shown that even between two partners it is not always easy to find the right settlement of some problem.

5. Under present circumstances it seems that the evolution of confidence in international life could best be attained if each partner, without regard for the number of inhabitants or square miles of his territory, should have the conviction that his right to decide his own fate and to regulate his life according to the governing features and character of his country would be respected by others.

6. The Polish Government consider that, in spite of present difficulties, there still exists the possibility of reconstructing international cooperation on the basis of these principles. They believe, however, that there continues the danger of a division of countries into hostile camps, whether according to their political doctrines, or because of too narrow a conception of the interests of each particular country or of groups of countries,—or finally as a result of too limited a view of the community of economic interests among nations.—

7. The Polish Government consider that in the present transitory period an apparently more modest, yet more practical, solution will contribute in a larger degree toward calming the general state of minds than complicated systems which are the result of speculation rather than the consequence of a sense of reality.

This calming of the state of minds and the directing of the effort of each nation towards creative work could produce, in the opinion of the Polish Government, the most essential condition for the checking of the international race of armaments. The latter may cause in some cases a temporary improvement in economic conditions, in the long run, however, they are bound to lead to shocks both political and economic.—

8. In view of what has been said above the Polish Government sincerely welcome the utterances made by Secretary Cordell Hull on July 16th 1937. These utterances, as understood by Polish public opinion, well combine the ideal of striving for peace with the practical sense of finding the proper means in this connection.

711.00 Statement July 16, 1937/234

Memorandum by the Minister in Portugal (Pell)¹⁵

On Tuesday, August 10th, at 4 P. M., I was received by Mr. Sampayo, Secretary-General of the Ministry for Foreign Affairs, and discussed various questions with him.

On the subject of Mr. Hull's statement of July 16th, he said that they agreed "en principe", but that it was quite possible that the means which might appeal to the Portuguese Government to reach the desired ends would be different from those which appealed to the American Government. He referred to a clause in the Portuguese Constitution stating a distinct preference for arbitration as a means of settling international difficulties, but he said that of course details and clauses in treaties might be difficult to arrange. He said that they might wish to go further than we, or we further than they.

On the removal of trade barriers, he said again that they agreed in principle and that as a matter of fact their duties were low and they had no objections to the free exportation of "divisas" (money).

He said that he had given Mr. Hull's speech to Dr. Salazar, who would give a written answer, or at least send some sort of a note.

H. C. PELL

LISBON, August 10, 1937.

711.00 Statement July 16, 1937/223

The Chargé in the Irish Free State (Armstrong) to the Secretary of State

No. 415

DUBLIN, August 10, 1937.

[Received August 20.]

SIR: I have the honor to refer to my telegram No. 38 of August 7, 8 p. m., transmitting the statement received from the Department of External Affairs containing the comment of the Government of the Irish Free State on the statement of the Secretary of State made on July 16, 1937, and to enclose herewith, as a matter of record, a copy of

¹⁵ Copy transmitted to the Department by the Minister in his despatch No. 15, August 11; received August 24.

the note containing this comment. There are also enclosed copies of an *Aide-Mémoire* of July 23, 1937, left in this connection at the Department of External Affairs on that date, and of a note addressed on August 5, 1937,¹⁶ to Mr. Sean Murphy, Acting Permanent Secretary of the Department of External Affairs, which was sent to him on receipt of the Department's circular cable of August 4, 1 p. m., requesting me to inform the Foreign Office that it would be a source of disappointment if a statement from the Irish Free State Government could not be included in the first publication of the comments on the Secretary's statement.

It is regretted there was delay in securing the statement from Mr. De Valera, but when this matter first came up it was brought to the immediate attention of Mr. Murphy. I kept in touch with Mr. Murphy and knew that this matter was receiving the consideration of President De Valera. Also on one or two occasions, when I met Ministers in the Government, I was aware that the Secretary's statement was being discussed. The Military Attaché was invited to call on the President on August 4th, and at my suggestion, led up to the subject of the Secretary's statement. Nothing tangible resulted, and I had the feeling all the time possible must be accorded to Mr. De Valera to formulate his opinion, or nothing would result.

On receipt of the Department's second cable, I nevertheless felt it necessary to ask for an interview with Mr. De Valera and had an opportunity to talk with him for half an hour on August 6, 1937. The impression gained was that Mr. De Valera was sincerely interested in the principles elucidated by the Secretary, but he immediately introduced a note of pessimism that anything practical could be accomplished, touching on such outstanding problems as the former colonies of Germany. I emphasized the Secretary was primarily seeking some norm for international relations. The President seemed to feel that existing injustices must first be cleared up, that no new norm was necessary beforehand, etc. I did not consider it wise to enquire whether he meant existing injustices to the Irish Free State or not, but possibly these were paramount in his mind. At the same time he appeared to realize the importance of making some expression of opinion on principles with which he was in sympathy, and promised me a statement the next day.

In the course of our conversation, Mr. De Valera revealed the fact that he was planning in the next few weeks to visit Geneva for the purpose of keeping in touch with the League of Nations, which, he emphasized, has always been somewhat negligent in considering the needs of the smaller nations. Mr. De Valera must be in Dublin for

¹⁶ Neither printed.

the opening of the Dail on October 6, 1937, so that the trip to Switzerland will only be a short visit. Quite incidentally, knowing that the President, after a long, hard year was in need of a vacation, I asked him if he ever thought of visiting in the United States for a holiday. The President told me he would very much like to go to the United States again but that such a visit would entail upon him the necessity of seeing many of his Irish-American friends all over the United States, which would not give him much rest. It occurred to me that Mr. De Valera would not mind going on a semi-official visit to the United States, which would give him an excuse to avoid the entanglements of his friends and adherents in the United States, but as I had no way of knowing if the Secretary would welcome a visit from him at the present time, I dropped the subject.

It is my very definite impression that while Mr. De Valera is sincerely sympathetic with the principles enunciated in the Secretary's statement, his pessimism of practical accomplishment is so deep that it will take some time and evidence of results to overcome his feelings. At the start of my interview, he remarked that it was his opinion that the totalitarian states such as Italy, Germany and Japan would be among the first to send enthusiastic endorsements. So far, the records have not revealed that this has been the case. I will send all information received at the Legation regarding the comments of the various nations on the Secretary's statement to Mr. Murphy with the request that it be sent on to the President, but at present I am waiting until the Free State's comments are included.

Respectfully yours,

GEORGE ALEXANDER ARMSTRONG

711.00 Statement July 16, 1937/251

*The Luxembourg Minister of State (Bech) to the American Chargé
in Luxembourg (Waller)*¹⁸

[Translation]¹⁹

9.5a

LUXEMBOURG, August 10, 1937.

MR. CHARGÉ D'AFFAIRES: I have the honor to acknowledge the receipt of your letter of August 6 current by which you were good enough to transmit to me a statement of His Excellency Mr. Secretary of State Hull on the present state of international relations and the conditions which could assure the maintenance of peace in the world.

¹⁸ Copy transmitted to the Department by the Chargé in his despatch No. 233, August 11; received August 26.

¹⁹ Translation supplied by the editors.

In thanking you for this kind communication I have the honor to inform you that the Grand-Ducal Government fully approves the generous ideas set forth in the message of His Excellency Mr. Hull.

Please accept [etc.]

For the Minister of State, President of the Government,
The Minister of Finances,
 P. DUPONG

711.00 Statement July 16, 1937/174 : Telegram

The Chargé in Turkey (Washington) to the Secretary of State

ISTANBUL, August 11, 1937—6 p. m.

[Received 7:47 p. m.]

40. Reference your telegram No. 63, August 5, 6 p. m.²⁰ The Foreign Minister says that he is much touched by your message and like you is gratified to note similarity which exists between the policies of the United States and Turkey.

He asked whether he may give your message to the press.

WASHINGTON

711.00 Statement July 16, 1937/281

Memorandum by the Chargé in Turkey (Washington) of a Conversation With the Turkish Foreign Minister (Tevfik Rüstü Aras) at Yalova,²¹ August 11, 1937²²

[Extracts]

The Minister stated that a text was in the process of preparation and that it would be handed to me within three or four days. He said that the Secretary's statement had been subjected to a most careful study but that he must communicate with members of the Balkan Entente and the members of the Eastern Entente²³ before writing the reply of the Turkish Government. He said that he was sure that the members of the Eastern Entente did agree in every respect with the Secretary's declaration but that some attention was being given by the members of the Balkan Entente to the statement regarding the modification of treaties when need therefor arises "by orderly processes carried out in a spirit of mutual helpfulness and accommodation".

²⁰ See telegram No. 36, August 5, 6 p. m., to the Chargé in Iran, p. 753.

²¹ Summer residence, near Istanbul, of the Turkish Foreign Minister.

²² Copy transmitted to the Department by the Chargé in his despatch No. 326, August 12; received September 7.

²³ Composed of the States signatories of the Saadabad Pact, see footnote 90, p. 753.

He said that he thought that no real objection would be made to this phraseology but that it might require some further explanation in the Turkish statement. He stated that he was enthusiastic over what seemed to be a new method of international cooperation which has been started by the Secretary. He said that the conference method has proved a failure; that even the League has temporarily proved inadequate; and that the only hope for international cooperation lies now in consultations and he was happy to see that the Secretary had inaugurated a world-wide series of consultations.

He then turned to the Far Eastern crisis. He prefaced his remarks by saying that he knew very little about the Far East; that Turkey is far from the rest of Asia; that when the world speaks of Asia it thinks of China, Japan and India, and not of Turkey; that the Turks, the Iranians, the Iraqians, the Afghans, and the Russians are not Asiatics but members of the white race. He said that the eastern borders of the countries which are members of the recently formed "Entente Orientale" mark the real border between Europe and Asia; that it is a natural boundary as there are not even any rivers which flow across this line.

He expressed some anxiety over the danger of another nation becoming involved in the Chinese-Japanese difficulties. I asked him whether he feared Russian intervention but he replied that the moment Russia should attack in the Far East Germany would be at her in Europe. He said that Japan had cleverly arrived at an understanding with Germany. He then compared Japan and Germany, stating that the two countries represent the enigmas of Asia and Europe respectively. He said that nothing pleases them, their aggressive policies must be combated, but that to crush either one completely would bring worse troubles upon the world, and that solution lies only in compromising with them.

711.00 Statement July 16, 1937/180a : Telegram

The Secretary of State to the Ambassador in Spain (Bowers)

WASHINGTON, August 12, 1937—noon.

373. On Sunday morning next²⁴ we are publishing a series of comments from governments on the Secretary's statement of July 16, which was contained in radio bulletin No. 164 of that date.

²⁴ August 15.

We have discussed the matter with Ambassador de los Rios, who concurs in our hope that we will be able to include a message of endorsement of these principles from the Spanish Government. To do this it will be necessary for us to receive such a message at the latest by noon Saturday; I fear that if it were published at a later date it would be less effective than if included with the replies of probably 50 other nations.

HULL

711.00 Statement July 16, 1937/174 : Telegram

The Secretary of State to the Chargé in Turkey (Washington)

WASHINGTON, August 12, 1937—6 p. m.

65. Your 40, August 11, 6 p. m. The Department has no objection to publication of message in the form of an *aide-mémoire* reading as follows:

“The American Chargé d’Affaires ad interim, acting under instructions from his Government, had the honor of calling on August 11, 1937, on the Turkish Minister for Foreign Affairs, to convey the sincere congratulations of Mr. Cordell Hull, American Secretary of State, on the part the Turkish Government had played, under the guidance of His Excellency President Ataturk, in the effort to foster and maintain peaceful relations with neighboring countries through the conclusion of the Middle Eastern Pact signed at Teheran on July 8, 1937. The Chargé d’Affaires added that Mr. Hull had had pleasure in observing from the terms of the Pact, a copy of which he had just received, that the Turkish Government and the other three Governments involved had clearly put into practice among themselves the good neighbor policy, as advocated by the United States and explained in detail in the statement issued by American Secretary of State on July 16, 1937.”

HULL

711.00 Statement July 16, 1937/185

The Chinese Ambassador (Wang) to the Secretary of State

WASHINGTON, August 12, 1937.

MY DEAR MR. SECRETARY: Acting under instructions of my Government, I have the honor to acknowledge the receipt of the Statement, issued by you on July 16, 1937, setting forth the position of the American Government in regard to international problems and situations.

In endorsing the principles enumerated in your Statement, the Minister for Foreign Affairs wishes me to say that China has always sought to settle international controversies by any of the pacific means known in international law and treaties, and her policy is therefore in

full harmony with the views of the American Government as set forth in your Statement. As to the present issue with Japan, the position of my Government, as made clear in the Memorandum which I had the pleasure of presenting to you on July 16, 1937,²⁵ remains the same.

I am [etc.]

CHENGTING T. WANG

711.00 Statement July 16, 1937/200

*Memorandum by the Chief of the Division of European Affairs
(Moffat)*

[WASHINGTON,] August 12, 1937.

The Rumanian Minister called this morning to discuss the Secretary's statement of July 16th and Mr. Welles' speech at Charlottesville a week or two previously.²⁶ He said that he had been disturbed, and he felt his Government was likewise, by the continuing hints being thrown out by the American Government in favor of a revision of the peace treaties; he felt that a sharp differentiation should be drawn between territorial revision and other forms of revision; most of the non-territorial points of difference have now been settled, notably reparations, re-armament, demilitarized zones, etc., etc.; he felt, however, that no territorial revision could be brought about in Europe without war and felt that we were assuming a grave responsibility if we encouraged any of the "have not" powers to think that they could get what they desired.

Turning more specifically to Germany, the Minister believed that the time was not too far distant when the present regime must decide either in favor of a foreign war or in favor of a policy of liberalization, which was, however, contradictory with the terms of Nazi-ism; German recovery could only be brought about by aid from western democracies and these in turn would only offer their aid in case Germany pledged herself to a peaceful policy and economic non-discrimination; he thought there was far more opposition in Germany to the present regime than generally credited abroad, but that this factor was a source of danger and not of strength.

Mr. Davila remarked that the failure of Rumania to reply thus far to the Secretary's statement of July 16th was due to the recent absence of the King and his present pre-occupation with a pending Cabinet reconstruction.

²⁵ Dated July 15, 1937, vol. III, p. 190.

²⁶ For the address "Present Aspects of World Peace", delivered July 7, 1937, before the Institute of Public Affairs, University of Virginia, Charlottesville, Va., see Department of State publication No. 1042.

I told the Minister that we were going to publish on Sunday and hoped that the Rumanian reply would be forthcoming by that date.

PIERREFONT MOFFAT

711.00 Statement July 16, 1937/181

*The Canadian Secretary of State for External Affairs (King) to the American Minister in Canada (Armour)*²⁷

No. 118

OTTAWA, August 12, 1937.

SIR: I have the honour to refer to our recent conversation in which you drew my attention to the statement made by the Secretary of State of the United States on July 16th setting forth the principles which represent his Government's position in the conduct of international relations at this juncture.

I have read Mr. Hull's statement with deep interest. All who are charged with the responsibility of government now find their task becoming daily more and more preoccupied with strains and tensions in the international field that threaten to undo all their efforts in the national sphere. Events throughout the world are forcing a continual fresh examination of the principles upon which the relations between States and peoples can best proceed, and it has long since become plain that unless the States of the world can reach some general agreement upon such principles catastrophe is hardly to be avoided.

I have no hesitation in saying that the principles set forth by Mr. Hull will meet the strong support of the people of Canada. In the midst of a stormy, transitional era of human affairs, when so many systems and theories are in violent competition for universal and exclusive mastery, the statement, by its coolness and moderation, and by invoking once more the processes of reasoned discussion, of accommodation and of conciliation, reaffirms anew our faith in the method and temper by which we believe progress so far has been won. While standing for order and orderly processes it equally recognizes there may be imperative need for change. At this time there appears a widespread tendency to invoke force whether in the name of the principle of stability or in the name of the principle of change, and both extremes seem to forget that under present day conditions the processes of force themselves set loose a progression of events which go completely beyond calculation and control and can only stultify the worthy principles in whose name the violence has

²⁷ Copy transmitted to the Department by the Minister in his despatch No. 1541, August 12; received August 13.

been ordained. At such a time this clear call, from such a source, for the processes of mutual reasoned discussion is of the highest importance. It appears especially noteworthy that the statement lays emphasis upon the problems of readjustment, upon the task of studying immediately wherein all may try by agreement to modify the barriers and rigidities, both economic and political, which may be claimed to deny to peoples or nations equality of opportunity or treatment; for naturally it is by such wise anticipations that revolutionary and catastrophic events are to be forestalled.

Within the measure of their capacity the Government of Canada remain ready and indeed anxious to explore all practicable means to implement or revitalize the principles which Mr. Hull has so opportunely restated, and they will always welcome any specific proposals for wide international co-operation that may be put forward on such a basis.

Accept [etc.]

W. L. MACKENZIE KING

711.00 Statement July 16, 1937/257

*The Finnish Foreign Office to the American Legation in Finland*²⁸

[Translation]

The Secretary of State of the United States, Mr. Cordell Hull, having given on July 16th to some newspaper correspondents an official statement concerning the foreign policy of the Government of the United States, the Finnish Government have, on request, forwarded the Government of the United States the following answer.

“Faithful to the traditions of the Republic, the Finnish Government declare themselves desirous to give their continuous support to the noble ideals so eminently interpreted by Mr. Cordell Hull on the 16th July last. By its acceptance of the Covenant of the League of Nations, the Kellogg-Briand pact, the convention of Oslo and other similar arrangements, as well as by the active part the country has taken in international collaboration in general and specially in the co-operation of the Scandinavian States, Finland has already shown in many instances its willingness to support activities and aspirations of this kind.

General international development has unquestionably led to such a state of things, that armed conflicts or even an impendent threat thereof affect the peace-interests of all nations. The Finnish Government, therefore, consider it also very important that all countries, which value the safeguarding of the peaceful achievements of mankind as a condition and a guarantee for human progress, should do their utmost to preserve international peace. One such condition is, as stated in Mr. Cordell Hull's statement, self-restraint as well in national as in international matters and, likewise, in the settlement of

²⁸ Copy transmitted to the Department by the Minister in Finland in his despatch No. 39 (Diplomatic), August 13; received August 26.

unsolved international questions through peaceful discussion and compromise.

The peaceful development of international relations require also international law to be revitalized and to be applied more consequentially in practice. In this regard, the Finnish Government wish to refer to the fact that they have, at the League of Nations, given their support without exception to the proposals aiming at the improving of the internal structure of this international organization and at the strengthening of its external influence in the stabilization of peace and at the furthering of general progress.

The Finnish Government also greet with great satisfaction the principle of improving the economic situation of the world and of realizing the liberty of international trade.

The Finnish Government recognize the want for restricting armaments, agreeing however with the Secretary of State, Mr. Cordell Hull, regarding the necessity of maintaining sufficient armed forces as a guarantee for national security. The attitude of each nation towards armaments must naturally decisively depend upon whether other nations and especially those which may endanger the inviolability of its own territory, increase or decrease their armaments.

Commitments which are liable to exerce (exercise) a disturbing influence upon international relations ought to be avoided, and at the same time, peace-promoting collaboration of the nations of the world should be maintained and reinforced as well at the League of Nations as outside that organ.

In thus expressing their opinion of the above-mentioned statement of the Secretary of State of the United States, Mr. Cordell Hull, the Finnish Government feel the necessity to emphasize, specially as regards their own foreign policy—their desire to maintain and to further to their best ability the most cordial relations with all nations.

Highly approving of the principles thus stated by Mr. Cordell Hull, the Finnish Government express their earnest hope that the endeavours to realize these principles would result in the gaining of these aims.”

HELSINKI, August 13, 1937.

711.00 Statement July 16, 1937/189 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, August 13, 1937—7 p. m.

[Received August 13—4: 25 p. m.]

371. Department's 135, August 4, 6 p. m. Ciano read to me this afternoon the following oral statement in reply to your declaration of July 16:

“The Fascist Government appreciates at their high value the principles enunciated by Secretary of State Hull in his declaration of July 16, last. The Fascist Government has repeatedly and publicly proclaimed what are the fundamental principles of its policy and the

Duce has recently reconfirmed them in the interview which he granted the American publisher Simms. The Fascist Government favors everything which may conduce to the pacification and to the political and economic reconstruction of the world. Therefore it regards with sympathy every initiative which tends to achieve that end by means of the limitation of armaments, by means of economic understanding among nations, nonintervention in the internal affairs of other countries and any other means which may now or in the future appear responsive to this objective."

After reading the foregoing Ciano said he would also like you to know that he shares wholeheartedly in your views as to the necessity of international economic rehabilitation as a precedent to world peace.

PHILLIPS

711.00 Statement July 16, 1937/190 : Telegram

The Minister in Rumania (Harrison) to the Secretary of State

BUCHAREST, August 13, 1937—8 p. m.

[Received 8:55 p. m.]

18. Your circular August 12, 6 p. m.,²⁹ communicated to Under Secretary for Foreign Affairs noon today. Following is translation of the note just received:

"Mr. Minister: You have been good enough to furnish me with the text of the declarations made to the press July 16, 1937, by Mr. Cordell Hull, Secretary of State of the United States of America.

In thanking you for this kind communication, I desire to express to you all the importance which the Rumanian Government attaches to these declarations which reflect so well the desire for international peace and cooperation with which the American Government has always been inspired.

The Rumanian Government has not ceased to conform its policy to the principles which Mr. Hull has wished to reaffirm with such force and clarity. Rumania was happy to adhere to the Pact of Paris of 1929 which condemned for ever the use of force in international relations. Likewise Rumania has shown in every instance that she desired to conform to the rules of strict nonintervention in the internal affairs of other nations.

No principle is dearer to Rumania than that of the sanctity of treaties—these can neither be submitted to discussion nor modified, without the free and formal consent of the interested states.

Rumania is ready to join in every effort with a view to contribute to economic *rapprochement* between the states through the suppression of the reduction of the barriers to international commerce. Like the United States, she is prepared to consider the reduction or the increase of her armed forces in proportion to the reductions or increases effected by other neutral countries.

I avail myself, et cetera. Signed Victor Antonesco."

HARRISON

²⁹ Not printed.

711.00 Statement July 16, 1937/192

*The Japanese Embassy to the Department of State*³⁰

The Japanese Government wishes to express its concurrence with the principles contained in the statement made by Secretary of State Hull on the 16th instant concerning the maintenance of world peace. It is the belief of the Japanese Government that the objectives of those principles will only be attained, in their application to the Far Eastern situation, by a full recognition and practical consideration of the actual particular circumstances of that region.

[WASHINGTON,] August 13, 1937.

711.00 Statement July 16, 1937/241

The Chargé in Yugoslavia (Reed) to the Secretary of State

No. 807

BELGRADE, August 13, 1937.

[Received August 24.]

SIR: I have the honor to refer to the Department's telegraphic circular instruction of July 22, 6 p. m., 1937, in regard to the declaration made by the Secretary of State on July 16, 1937, and to my despatch No. 795 of July 28, 1937,³¹ concerning the action taken to obtain from the Yugoslav Foreign Minister such comments as he might care to make in regard to the principles featured in the statement.

Subsequent calls at the Ministry of Foreign Affairs have failed to achieve any results. I have been repeatedly assured that Dr. Stoyadinovitch has read the statement of the Secretary of State with much sympathy and that he sincerely shares the sentiments set forth therein. But I have been equally repeatedly informed that no message of endorsement can be given without his express authorization and that, as he is traveling from place to place in Dalmatia and South Serbia, the Assistant Minister for Foreign Affairs has been as yet unable to obtain such authorization. This statement, that the Foreign Office has been unable to get in touch with the Foreign Minister, may or may not be true, although, from the very fact that the movements of the Foreign Minister are reported at length in the press, I am strongly inclined to the belief that it is untrue. In any event the present matter demonstrates beyond question the absolute inability of any Yugoslav official to take any action, of more than routine importance, without the express authorization of Dr. Stoyadinovitch.

Today, following the receipt of the Department's telegraphic circular instruction of August 12, 6 p. m.,³¹ I again talked with the

³⁰ Handed to the Secretary of State by the Japanese Ambassador, Saito, on August 13.

³¹ Not printed.

Assistant Minister for Foreign Affairs and this time, in addition to stating that the Foreign Office has been unable to get in touch with the Foreign Minister, he added that of course the Foreign Minister would wish to consult with the other members of the Balkan and Little Ententes before issuing any message of endorsement. Such solicitude for the feelings of the other members of the two ententes is rather astounding when it is recalled that none of these were consulted prior to the conclusion of the Italo-Yugoslav³³ and Bulgarian-Yugoslav³⁴ accords of early 1937.

Respectfully yours,

CHARLES S. REED II

711.00 Statement July 16, 1937/193 : Telegram

The Chargé in Siam (Chapman) to the Secretary of State

BANGKOK, August 14, 1937—noon.

[Received August 14—9:15 a. m.]

20. Department's circular July 22, 5 [6] p. m. Following statement received from the Foreign Office:

"With reference to the memorandum of the American Legation dated August 11, 1937, the Minister of Foreign Affairs wishes to assure the American Chargé d'Affaires of the great interest with which he has read the statement given to the press on July 16, 1937, by the Secretary of State of the United States.

Luang Pradist Manudharm³⁵ would recall that so far as Siam's relations with foreign powers are concerned, the lines of policy he has set forth from time to time are marked by the same general tendencies as those indicated in the above mentioned statement.

The said statement made as it is by a great lover of peace as is the United States of America, is assuredly calculated to promote world peace and friendly intercourse among nations, and this is certainly desired by Siam no less ardently than any other power. The Minister of Foreign Affairs, August 14, 1937."

CHAPMAN

711.00 Statement July 16, 1937/197 : Telegram

The Chargé in Iraq (Satterthwaite) to the Secretary of State

BAGHDAD, August 14, 1937—4 p. m.

[Received August 14—3:12 p. m.]

29. My 24, August 8, 4 p. m. The following is the official comment of the Government of Iraq:

"The Royal Government of Iraq has seen the statement of 16th July issued by the Honorable Cordell Hull and has given due attention and

³³ Italo-Yugoslav Agreement, signed March 25, 1937; *Documents on International Affairs*, 1937 (London, Oxford University Press, 1939), p. 302.

³⁴ Bulgarian-Yugoslav Treaty of Friendship, signed January 24, 1937; *League of Nations Treaty Series*, vol. CLXXVI, p. 221.

³⁵ Siamese Minister for Foreign Affairs.

consideration to the principles and views set forth therein for the maintenance of the peace of the world and service to humanity at large. The Royal Government is in full accord with the preamble of Mr. Cordell Hull's statement that universal peace is a right to be enjoyed by all the nations of the world and that regional disturbances or frictions wherever they may take place will inevitably lead to economic and political difficulties which will have far reaching effects on the nations of the whole world. As such the consideration given by the United States of America and other states, although far from the centers of friction whether in the east or west, must be met with appreciation and gratitude. The Royal Government of Iraq fully supports the appeal made to the nations of the world for the maintenance of universal peace by all legitimate means and advocated the principle of abstinence from use of force in the pursuit of any policy whatsoever, by which principle it was actuated when it acceded to the Briand-Kellogg Pact for the renunciation of war. It has likewise adhered at all times to the principle of settling international disputes by peaceful processes and advocates faithful and strict observance of international agreements. It only believes in the modification of such agreements when it is done in the spirit of mutual consent and collaboration. It also believes in respect for international law and stands for its strengthening. It recognizes the principle of equality among all nations and advocates the necessity for the reduction of armament and ending the armament race which stands as an obstacle in the way of economic progress and general prosperity and jeopardizes confidence and cooperation between the nations.

As regards the avoidance of entering into alliances the Royal Government appreciates the views of the United States whose position is peculiar in this matter. As for Iraq, it has already concluded a treaty of alliance with the Arab states and with other oriental neighbors, its motive always being the maintenance of friendly relations between neighboring states and serving the cause of universal peace in support of the general principles and aims alluded to above."

SATTERTHWAITE

711.00 Statement July 16, 1937/272

The Chargé in Spain (Thurston) to the Secretary of State

[Extract]

No. X-191

VALENCIA, August 16, 1937.

[Received September 4.]

SIR: In confirmation of my telegram number 737, of August 14, 1937,³⁶ I have the honor to transmit herewith a copy and a translation of the message from the Spanish Government endorsing the principles advocated in the statement made by the Secretary of State, Mr. Cordell Hull, on July 16, 1937.

Upon the receipt August 13 of the Department's telegraphic instruction number 373, of August 12, I called at the Ministry of State and informed Señor Giral of its import. . . .

³⁶ Not printed.

Señor Giral stated that he was gratified by the Department's message, as he had been puzzled and disturbed by the apparent failure to include Spain among the Governments invited to comment on the Secretary's statement—the text of which had been furnished him by the Spanish Ambassador at Paris. He had, in fact, instructed Ambassador de los Ríos³⁷ to make inquiries on this point at the Department, where he had been assured that the omission of Spain had been the result of an oversight.

[Here follow comments in the Spanish press with respect to the American statement of July 16.]

Respectfully yours,

WALTER C. THURSTON

[Enclosure—Translation]

*The Spanish Minister of State (Giral) to the American Chargé
(Thurston)*

The Government of the Republic has examined with the greatest interest the statement of the Secretary of State, Mr. Hull, whose appeal in favor of international peace meets with the most lively sympathy of the Spanish democracy.

The Spanish Republic remains faithful to the principles written into its Constitution of 1931, by virtue of which "Spain renounces war as an instrument of national policy", "complies with the universal rules of international law", and incorporates into its laws the principles of the pact of the League of Nations.

The Government of the Republic has never deviated from the course indicated by its Constitution, which permits it to point to a complete coincidence, both in doctrine and in practice, with the principles defended by Mr. Hull in his statement which, under present circumstances when the Spanish people are the victims of a foreign invasion and suffer the sorrow of a war in defense of their independence, has a singular importance and inspires a gratifying hope for the reestablishment of peace and law among the nations.

The Spanish Government declares, in consequence, that it is disposed to collaborate in the common task of the organization of peace, in conformity with the terms indicated with such high authority by Mr. Hull.

JOSÉ GIRAL

VALENCIA, August 13, 1937.

³⁷ Spanish Ambassador in the United States.

711.00 Statement July 16, 1937/217

Memorandum by the Greek Prime Minister and Minister for Foreign Affairs (Metaxas) ³⁸

[Translation]

The Chief of the Greek Government, with the deepest interest, has taken note of the statement made by the Secretary of State of the United States of America on July 16th last in favor of the maintenance of peace and the improvement of the world situation through military and economic disarmament.

Mr. Metaxas has observed that the principles set forth in the statement of the Secretary of State agree in general with the essentially pacific policy pursued by Greece.

As already stated to Mr. MacVeagh, the American Minister at Athens, the Chief of the Greek Government wishes to elucidate this policy with regard to one of the points covered by Mr. Hull's statement, that is, the point referring to the modification of treaties.

In fact, Mr. Metaxas should point out that the territorial status in the Balkans, as established by the treaties of peace, is definitive and unalterable, as it was proclaimed by the Balkan Pact ³⁹ which has assured to Greece and to the other powers of the Balkan Entente the mutual guaranty of their frontiers in the Balkans.

[ATHENS, August 16, 1937.]

711.00 Statement July 16, 1937/287

Memorandum by the Portuguese Ministry for Foreign Affairs to the American Legation in Portugal ⁴⁰

[Translation]

The Portuguese Government has given due consideration to the declaration of the Secretary of State dated July 16 and has examined carefully the reasons on which it is based and the spirit of the attitude taken by the United States as regards great international problems.

It seems to this Government that it could hardly discuss the notion of solidarity between nations from which arose for the conscience of the Secretary of State the duty of his declaration: the ties which

³⁸ Copy transmitted to the Secretary of State by the Greek Minister in his note No. 1650, August 17; received August 18.

³⁹ Signed at Athens, February 9, 1934, by the states members of the Balkan Entente, Greece, Rumania, Turkey and Yugoslavia, League of Nations Treaty Series, vol. CLIII, p. 153.

⁴⁰ Copy transmitted to the Department by the Minister in Portugal in his despatch No. 23, August 24; received September 10.

bind together the various nations of the globe are becoming ever closer, so that no statesman can today maintain his country alien and aloof as to all the repercussions of the economic difficulties, of financial crises, of social disorder and of the breach of the peace. If this is so owing to the impossibility of localizing the evils, it is even much more so when the case is one of problems which by their very nature may be considered universal, and of difficulties afflicting all the peoples at the same time. The assertion which we are commenting upon will therefore elicit no surprise; surprising would be the mistaken egotism which would lead the great nations, on the one hand, to consider themselves immune and, on the other hand, to maintain themselves alien to all effective coöperation, truly useful in the international field.

On general grounds, it also seems that no objection can be raised against the assertions, advices or wishes as a whole, of the Secretary of State: everyone desires peace, everyone proclaims the sanctity of treaties and the faithful compliance therewith, everyone desires that there be less difficulties in international trade, and everyone wishes to have the burden of armaments removed or lightened. Difficulties begin only when it is sought to pass from the field of intentions into that of action, or, more concretely, what is to be done so that the events—in the development of which it is very difficult to establish individual or national responsibilities—will not contradict the good intentions.

2. The repeated affirmation, especially on the part of the great powers, of the principles advocated by the Secretary of State, the intellectual or sentimental adhesion of many to the said principles, their inclusion in many treaties between nations or in a document of greater scope aiming at defining the rules of life common to all states, will have, we believe, the effect of a certain moral pressure, but will produce rather limited practical action. We would be mistaken if we were to expect important results therefrom.

If there exists a danger or preoccupation of war, it is useless to attempt to have the States disarm or reduce the armaments; if there exist grave injustices in the solution of problems of international affairs and no peaceful method is seen to make them disappear, it is useless to dissuade the victims thereof to cause justice to be respected by force, if they have it; if the nations, by virtue of their own excesses or because they are exposed to the mistakes of others, must defend their economy and their financial balance, and deem it necessary to do so by raising tariffs, devaluating currency, or prohibiting the entry of workers or foreign goods, they will do so, even though they should not seek in that policy their true and ultimate interests and even though they should have taken at one time or another the solemn engagement to refrain from doing this.

3. Our assertions in this respect cannot be suspected, for our constitutional doctrine and the practice of the Portuguese Government and of its administration are entirely in harmony with the wishes of the Secretary of State. *Portugal advocates arbitration as a means to solve international disputes* (Constitution, sole proviso to article 4). The Portuguese nation constitutes an independent State of which the sovereignty recognizes solely as limits, in the internal order, morals and the law; and in the international order, those limits arising out of conventions or treaties freely entered into, or out of the freely accepted law founded on customs (“direito consuetudinário”); *being committed to cooperate with other States in the preparation and adoption of solutions regarding peace among nations and the progress of humanity* (Constitution, Article 4). Public opinion is the fundamental element of the policy and administration of the country (Constitution, Article 22). The State shall regulate the relations of the national economy with that of the other countries, *in line with the principle of adequate cooperation* (Constitution, Article 30). The economic systems of the colonies are established in harmony with the needs of their development, *with just reciprocity between them and neighboring countries . . .* (Colonial Act, Article 35).

On its side, the activities of the Government have been entirely in keeping with the constitutional principles of balance, morals, cooperation, just freedom and competition. Most favored nation treatment is still today the main principle of our conventional system of trade, and the generalization thereof leads practically to the equality of all countries in the national market. Our tariffs are justly noted as to the modesty of customs duties and their clearness. We have no internal duties, nor quotas (“contingentes”) nor import permits harmful for external trade. Our currency has been stabilized years ago, and there are no restrictions on the purchase of money, nor regulations hampering its exchange. Certain limitations regarding foreign labor in Portugal were introduced in the laws solely after they had been generalized elsewhere, and even so they are very moderate and do not hamper anyone’s business—neither that of individuals nor that of companies. We fulfil loyally international agreements. Under the circumstances, we do not constitute a perturbing element and we consider ourselves to be a constructive factor as to peace and international order.

4. If there is, thus, a concordance or at least a great similarity of principles which, on our part, have not in practice been denied or ignored, why are reservations expressed above as regards those principles when they are presented as an efficient system to solve the present problems of international affairs and capable of avoiding a breach of the peace between the powers?

We believe that one should not forget the difference between the juridical and political field and the sociological field, because one thing is *what is*, and another thing is what it is *ordered to be*, or what it is *wished to be*. International society has endeavored to solve its difficulties (as many states have done in their internal activity) by means of abstract formulae, declarations of principles, solemn assertions, many texts and treaties, and the uselessness, and at times even the grave inconvenience, of everything, or almost everything, has been seen. At least, everyone is entitled to believe that things would not have happened in a different or worse manner if there had been less law-making.

Although much responsibility seems to lie with the abstract and generalizing tendency of jurists, the causes for the failure must be found, in our opinion, in the following facts:

(a) in the in-existent or insufficient study of the causes of world unrest;

(b) in the excessive ambition to find a sole formula for the solution of grave international problems, applicable *urbi et orbi* and covering a whole which is manifestly superior to the intelligence of men and to their capacity of execution.

After determining the causes and limiting the field of the questions, and after examining the problems one by one, or the groups of kindred subjects, we believe that it would be easier to define the attitude or line of conduct of each nation, and the great powers having a greater weight of authority, wealth and strength in the international concert would certainly find their participation more efficient.

5. The study and determination of the causes of the universal unrest or preoccupation to which the Secretary of State refers are indispensable, whether the case is one of intentional acts for which states are responsible and from which they should therefore abstain, or of phenomena of which the genesis or development is beyond the will and power of men who, in the latter case, would not be the authors but the victims thereof.

Among the first named, one stands foremost: The declaration of the Secretary of State did not omit it and endeavors to eliminate it, advising the abstention of interference in the internal affairs of the other countries. This interference is conducted principally in the form of revolutionary agitation, since an historical tragedy elevated an entire nation, poor and unhappy, to the high position of forerunner of the new social era and messiah of the highest and most sacred doctrine.

Unfortunately, as the soviet mysticism is followed also by an economy and political value, which many have deemed it convenient to

have on their side, it happens that here and there the natural reactions against the invasion have disappeared and that the victims are today helping their executioners in their anxiety to demonstrate their innocence, as though the evil were a common and fatal epidemic disease, already entirely detached from its center of infection and from the technical, material and moral assistance which continues to be provided in spite of promises or assurances given. Foreign intervention, although it is maintained effective, thus tends to lose its character in some countries, being merged in international aspirations against which strong nationalisms alone can triumph. Although we consider fatal for the purposes of peace the poisoning of relations among peoples owing to ideological differences and the formation of international groups by affinities of political thought, we find that the need for defense against alien interference and revolutionary elements organized in groups may lead to the formation of other groups ("blocos"). Such a state of things will constitute another reason for anxiety.

6. When it is sought to discover the causes, independent or outside of the will of the peoples and governments, which are at the bottom of today's problems, we find that all, or almost all, the evils from which nations suffer are attributed to the economic crisis of 1929.

Intervention to attenuate or eliminate the effects of the crisis was strong in the national as well as in the international field—it was intense and useless. Remedies and disillusionings, conventions, congresses, conferences, and laws came in succession, and finally the passing of time cured the crisis, for outside the general lines of the policy followed as regards gold by Great Britain and the United States, it may be said that, internationally, nothing was accomplished which improved the situation, and in the national sphere, many measures were taken capable of producing adverse results. In the face of the crisis, national egotisms became insensible or hostile, and each one had to take care of himself, merely wishing that the measures taken by others would not constitute too great a burden for each one.

The crisis, or at least, the greater part of its outward signs, has passed, but the universal unrest has continued with the same acuteness, we believe. In the economic and social field, the lack of balance, disorder, and anxiety of the peoples are, thus, not issued from the economic crisis; they come from deeper regions; we feel inclined to assign them to the crisis of economic thought, that is, to the pollution of the fundamental principles of economic affairs.

For those reasons the teachings of that recent past command us to be more modest, if we do not wish to be too daring. At the bottom humanity reacts against an anti-human economy in relation to the essence of which known remedies have proved to be clearly insufficient.

7. Besides the economic crisis, the war of 1914 has been for many the great cause of the present evils. The extension of the fact cannot be denied, its repercussions are considerable, and its consequences are still strong in the spirit and the flesh of the peoples, for not only have the moral sufferings of the war been prolonged over many years, but it seems that the task of peace was not conducted so as to permit forgetfulness and reparation. However, many peoples took no part in the strife; others suffered but the attenuated reactions thereof; and others yet progressed and enriched themselves due to the catastrophe. In spite of this the agitation, the preoccupations, the unrest are suffered by all, and even strongly by some of the peoples of the latter category. If the cause is still the war, it can only be through aspirations, ideas, and the collapse of moral factors originating therein and contaminating the entire humanity.

There is clearly a lack of control in the ambitions of men; there is clearly a lack of proportion between them and the means now existing or which, under present circumstances, might be created for their fulfilment. If this lack of balance is not cured by a return to sentiments of modesty and economy or by a greater capacity of production and greater possibilities of consumption, what will happen to poor mankind?

[8.] Now, at the same time that men desire a greater part of an already insufficient wealth, or threaten improvidently to consume treasures accumulated by centuries of work and economy, the uncertainty and nervousness of the international situation cause an ever increasing portion of property to be withdrawn from the consumption of men for the benefit of armaments, deviating into that channel the natural flow of national riches, and causing by this and other means the exhaustion of international credit through which rich countries, more progressive or better endowed, might assist in the economic development of others. Contrary to this, some accumulate useless gold the weight of which depresses still further their own economy.

We are placed in a vicious circle which it is necessary to break for the good of mankind; to find the point where such breaking is easiest is decidedly the problem of problems of our times.

9. We dare but timidly advance on this path, full of obscurity, but some points are clear: Not all of the problems which face today the generality of the nations offer the same probabilities or risks of being converted into proximate or remote causes of war. Political motives are always more to be feared than others, except when economic difficulties are brought to such a degree of acuteness that nations are condemned to live in misery because the possibilities of work and life are denied them in the world. On the other hand, it

is certain that, in present circumstances, violent internal convulsions may bring about conflagrations difficult to localize.

Now, in the political field, it is pertinent to ask whether the internationalism of our days is a factor of peace or of war. It seems to us that internationalism, covering as it does pronounced leanings toward national imperialisms, is a source of complications and dangers. The idea of the supernational organization and the tendency toward "world citizenship" are either essentially erroneous and humanly impossible or are so far removed from present conditions that they can only act—even if the fact noted above did not exist—as perturbing elements.

Furthermore, this would be creating new problems under the pretext of solving those existing, and although at times relief is found in a change of worries, the safest path is that of the closest coöperation between the peoples, on the basis of the national organizations, if, as proposed in the declaration of the Secretary of State, the nations are endowed with the spirit of "mutual assistance" and of absolute respect for the rights of others.

10. In commenting at length on the note of the Secretary of State, the Portuguese Government did not intend to indicate solutions or the best way to find them. This would be an excessive presumption. However, the nations are attached to false ideas and have taken the habit of entrusting the solution of grave external problems to vague formulae and inconsistent combinations; and to acknowledge by means of an impartial examination the inanity of the efforts made in that direction appears to this Government to be the first step and the indispensable preparation of the ground for any constructive work.

LISBON, August 20, 1937.

711.00 Statement July 16, 1937/279

*Memorandum by the Turkish Minister for Foreign Affairs (Aras)*⁴¹

[Translation]

The Minister for Foreign Affairs has noted with much interest the important declaration made by the Secretary of State of the United States of America and warmly thanks the Government of the United States for having transmitted it to him.

Acceding to the desire expressed by the distinguished author of the declaration, Dr. Aras is pleased to make known below the opinion of the Government of the Republic concerning the matter dealt with by His Excellency Mr. Hull.

⁴¹ Copy transmitted to the Department by the Chargé in Turkey in his despatch No. 332, August 21; received September 7.

It should before all be observed that for the cause of peace and for international cooperation the method followed by the Secretary of State of the United States is a happy innovation, the usefulness of which will make itself felt in the evolution of international life.

To define the attitude of his Government toward questions which disturb the world and to request of those who direct other countries their views on the definitions thus afforded constitute in fact a method which cannot fail to produce the most salutary effects in facilitating mutual comprehension among all powers interested in finding a common formula for understanding and collaboration.

The Minister for Foreign Affairs of Turkey desires in this connection to address his most cordial congratulations to the eminent American statesman.

Concerning the basic principles of the declaration Dr. Aras hastens to recall that the words spoken under most varied circumstances, as well by the Chief of State as by those who are responsible for directing Turkish policy, have found a constant confirmation in the acts accomplished by the Government of the Republic, and that these acts and these words have always accorded with the sense of the American declaration of July 16th last. This similarity of views permits Dr. Aras, in replying to the Secretary of State of the United States of America, to inform him that his declaration corresponds to the views of the Government of the Republic and when taken as a whole expresses the principle which is the basis for the foreign policy of Kemalist Turkey both as regards its conception and its application.

AUGUST 20, 1937.

711.00 Statement July 16, 1937/278

*The Greek Ministry for Foreign Affairs to the American Legation in Greece*⁴²

[Translation]

By an *Aide-Mémoire* dated August 16, the Ministry of Foreign Affairs had the honor to make known to the Legation of the United States of America the reply of the Chief of the Government to the declarations of the Secretary of State, Mr. Hull. The Ministry of Foreign Affairs has the honor to send herewith to the Legation of the United States of America a supplementary *Aide-Mémoire* containing the point of view of the Greek Government on economic disarmament, with the request that the Legation be kind enough to transmit it to the Government of the United States.

ATHENS, August 20, 1937.

⁴² Copy transmitted to the Department by the Chargé in Greece in his despatch No. 1842, August 21; received September 7.

[Enclosure—Translation]

Aide-Mémoire by the Greek Ministry for Foreign Affairs

Greece sincerely appreciates all efforts which are or may be made in the international domain, with a view to the strengthening of economic stability and security in the world by means of a gradual return to freedom of trade.

The more by reason of its economic structure, Greece has always felt the need of such liberty, and its interests were the first to be injured by the introduction of restrictive systems in the different countries. Consequently, it is only as a means of defense that, in spite of itself, Greece was forced in its turn to follow this path which, in its view, should constitute only a transitory situation. Thus it can but approve the efforts which are made to escape gradually.

However, the Greek Government does not envisage this possibility except within the framework of an international movement tending to the reestablishment of a free play of economic factors as a whole. Thus, if one wishes to arrive at lasting practical results in the domain of world economy, it would not be possible, in its view, to consider solely the free exchange of the results of production, that is to say, of merchandise, and neglect the factors of production, such as labor and capital. It is in the free play of a combination of all these factors together that the Royal Government sees the means of overcoming the economic difficulties which now weigh upon international life.

Thus it would be ready to collaborate, in this sense, in a collective effort aiming to create the necessary conditions for the reestablishment of a normal economic situation in the world.

[ATHENS, August 20, 1937.]

711.00 Statement July 16, 1937/232 : Telegram (part air)

The Chargé in Yugoslavia (Reed) to the Secretary of State

BELGRADE, August 22, 1937—noon.

[Received August 24—8:45 a. m.]

36. Department's telegram No. 16, August 19, 7 p. m.⁴³ Translation Yugoslav declaration follows:

"The Yugoslav Government has noted with the greatest interest and sympathy the declaration which was made on the 16th of July 1937 to the representatives of the press at Washington by Mr. Cordell Hull, Secretary of State of the United States of America. This declaration represents an important reaffirmation of the policy of peace

⁴³ Not printed.

of international collaboration and solidarity of which the Government of the United States has always been one of the most fervent partisans and champions. Yugoslavia remains as in the past firmly attached to this same policy and to the principles of non-recourse to force of non-intervention of economic *rapprochement* of the limitation and reduction of armaments. For itself, the respect of treaties and the scrupulous observation of international engagements so long as they are not modified by the consent of the interested states are the indispensable rules of international life. The Yugoslav Government desires sincerely and loyally the realization of the ideas of law, of peace, of collaboration and of prosperity which are championed with such authority and brilliance in the declaration of the Secretary of State of the United States of America."

REED

711.00 Statement July 16, 1937/227 : Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHERAN, August 23, 1937—9 a. m.

[Received 12:06 p. m.]

68. Department's circular August 13, 7 p. m.⁴⁴ Since my 64, August 9, noon, I have had several interviews with the Foreign Minister and reminded him of his promise. The last time he told me that he had prepared a statement and that I would receive it "in a day or two". But he left for Geneva the day before yesterday to attend the League Council without sending me anything.

I learn unofficially that the Shah turned down several drafts submitted to him for approval. He apparently hesitates to commit his Government to anything that might later be construed as a promise of commercial equality of treatment. The Foreign Office has during the past few weeks been telegraphing to its principal representatives abroad for information regarding replies other governments are making all of which are being shown to the Shah. I understand the Acting Minister of Foreign Affairs has been instructed to let me have something as soon as possible.

ENGERT

711.00 Statement July 16, 1937/296

The Chargé in Iran (Engert) to the Secretary of State

No. 1116

TEHERAN, August 25, 1937.

[Received October 15.]

SIR: In confirmation of the Legation's telegram No. 71 of even date,⁴⁴ I have the honor to transmit herewith the original French text, together with an English translation, of the statement which the Acting Minister of Foreign Affairs, Mr. Mostafa Adl, handed to me this

⁴⁴ Not printed.

morning by way of a reply to the declarations of policy made by Secretary Hull on July 16, 1937.

This statement was undoubtedly drafted by the Foreign Minister, Mr. Enayatollah Samiy, himself but his departure for Geneva on August 21st prevented his giving it to me in person. (See also Legation's telegram No. 68, August 23, 9 a. m.)

In this statement the Iranian Government reiterates its agreement "in principle" with the declaration of the Secretary of State—(See Legation's telegram No. 57, July 27, 11 a. m.)—and goes on to say that as it is convinced that no war could today be localized it has always been on the side of the most ardent partisans of peace, as will be seen from the amicable way the frontier disputes with its neighbors have been settled. Moreover, the signing of the Saadabad Pact "is one of the most striking proofs" of Iran's desire not only to keep the peace in Western Asia but throughout the world.

The Department will observe that the statement does not refer to the desire of the American Government to liberalize the commerce of the world by the removal of all unreasonable trade barriers. It may therefore be assumed that the Iranian Government is as yet not prepared to subscribe to such a policy unless—as the Foreign Minister told me orally—all other powers do likewise.

It is also perhaps significant that the Iranian Government has not permitted the text of Mr. Hull's statement, or any reference to it, to be published in the local newspapers, despite the fact that I pointed out to the Chief of the Press Bureau that it had received publicity everywhere else in the world and that it would be a logical thing if the press of Teheran were to follow suit.

Respectfully yours,

VAN H. ENGERT

[Enclosure—Translation]

The Iranian Ministry for Foreign Affairs to the American Legation

[TEHERAN,] August 23, 1937.

The Imperial Government of Iran is in principle in agreement with the declaration of the Secretary of State of the United States.

Being convinced that in view of the present political situation of the world it would appear to localize a war if it should break out in any part of the globe, the Government of His Imperial Majesty has alined itself with the most ardent partisans of universal peace. It has always maintained absolute identity between this principle and its policy in general. Moreover, it has never failed to have recourse to pacific means to settle its differences with other states, and by following this line of conduct it has in a friendly way resolved its frontier disputes with Afghanistan, Turkey and Iraq.

The signing of the Saadabad Pact, for which the initiative came from the Imperial Government, is one of the most striking proofs of its unshakable desire to keep the peace, and it has the firm hope not only of safeguarding peace in Western Asia but also of becoming a more or less important factor in the maintenance of peace in general.

711.00 Statement July 16, 1937/267 : Telegram

The Minister in Rumania (Harrison) to the Secretary of State

BUCHAREST, September 1, 1937—11 a. m.

[Received September 1—9 : 44 a. m.]

21. Included in the communiqué issued yesterday at the close of the conference of the Permanent Council of the Little Entente⁴⁶ at Sinaia was the following statement of [*in?*] translation :

“The Permanent Council has been happy to note that by the official declarations which Mr. Cordell Hull, Secretary of State, made July 16th, the United States has made a new and valuable contribution to the cause of peace and of international cooperation.

The policy of the states of the Little Entente having always been inspired by the principles which the Government of the United States has just proclaimed in such a precious and sincere manner the Permanent Council welcomes all the more favorably the declarations of Mr. Hull which envisage the possibility of a new cooperation in the political as well as in the economic field between the European states and the great republic beyond the Atlantic.”

Full report by mail.⁴⁷

HARRISON

711.00 Statement July 16, 1937/291 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 29, 1937—3 p. m.

[Received September 29—11 : 35 a. m.]

339. At the private meeting of the Council this morning Avenol⁴⁸ referred to Secretary's statement of July 16 and suggested the desirability of printing the statement and the replies received for circulation to states members of the League. This suggestion was adopted and Delbos⁴⁹ as President took occasion to comment that the principles therein enunciated were in general accord with those of the League of Nations.

BUCKNELL

⁴⁶ Czechoslovakia, Rumania and Yugoslavia.

⁴⁷ Despatch No. 427, September 4; not printed.

⁴⁸ Joseph Avenol, Secretary General of the League of Nations.

⁴⁹ Yvon Delbos, French Minister for Foreign Affairs.

INTEREST OF THE UNITED STATES IN FURTHERING
EFFORTS OF THE LEAGUE OF NATIONS TO PROMOTE
INTERNATIONAL ECONOMIC COOPERATION ¹

500.C1112/91: Telegram (part air)

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, January 9, 1937—11 a. m.

[Received January 11—7:25 a. m.]

9. Department's telegram 163, December 31, 4 p. m.²

1. Avenol³ expressed to me today the warmest gratification at the suggestion of the appointment of Grady⁴ to the League Economic Committee. He stated that his name would be presented to the January Council. Favorable action may be assumed.

2. Upon the constitution of the Committee on Raw Materials Grady will be selected as a member by virtue of his membership in the Economic Committee.

The procedures for the establishment of the Raw Materials Committee are, however, not settled and depend largely on the circumstances discussed below.

3. It remains an open question as to whether the January Council will set up the Committee. It still apparently hinges on British pre-occupations respecting Germany. As understood here the British are anxious to avoid the political reactions of (a) not inviting Germany which from present indications would precipitate accusations by Berlin that the Committee was a manifestation of a bloc against Germany, (b) Berlin's refusal of an invitation were it extended. These issues are regarded as intensified due to the terms of the Assembly resolution clearly envisaging the participation of Germany while technically the members of the Committee would serve in their individual capacities. The foregoing terminology reflects the realistic attitude toward the situation.

The Polish Chargé d'Affaires tells me that from advices from the Polish Ambassador at Berlin the British had not yet approached the

¹ For previous correspondence, see *Foreign Relations*, 1936, vol. I, pp. 453 ff.

² *Ibid.*, p. 485.

³ Joseph Avenol, Secretary General of the League of Nations.

⁴ Henry F. Grady, former Chief of the Division of Trade Agreements, Professor of International Trade and Dean of the College of Commerce, University of California, Berkeley, Calif. On January 25, the League of Nations Council appointed Mr. Grady member of the Economic Committee.

Wilhelmstrasse in this question and that the Germans are affecting annoyance at thus being left to one side. I think that perhaps the irritation of the Germans might be due to the change of the project being under the League which they feel it should have been understood would for political reasons render difficult their participation. The Chargé d'Affaires in stressing the interest of Warsaw in this matter disclosed to me that he believed the ultimate aim of his Government was to acquire colonies either directly or by employing the raw materials and migration issues to obtain through Geneva "a new form of mandate with international financial support for development". Advices here are that Italy's position is still that of non-cooperation of any League endeavor until Ethiopia be excluded.⁵ The admission of Egypt by an Extraordinary Assembly has been planned to be used to accomplish this. It has been hoped here that the Assembly might convene simultaneously with the January Council with the thought of bringing Italy immediately into full cooperation. Current advices here are, however, that Cairo insists on tying League membership into the issues of the converted Conference on Capitulations to take place in Montreux in April.⁶ It would thus appear that Italy would not attend a raw materials meeting if held at an early date.

The whole question of a Raw Materials Committee seems to be so associated with complex European political questions that the outcome is highly problematical.

Avenol confirmed to me the essentials of the foregoing. He stated that he was exerting every pressure on the British to set the raw materials project in at least some form in the January Council.

GILBERT

500.C1112/92 : Telegram (part air)

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, January 11, 1937—noon.
[Received January 12—11:55 a. m.]

11. Consulate's 9, January 9, noon [11 a. m.]. The German Consul General displaying an agitated interest in the League Raw Materials Committee question called on me today stating that Berlin had instructed him to "keep in touch with me" in the matter. He reiterated in general the statements reported in my 487, December 2, 4 p. m.⁷ He said that Ritter⁸ had advised him that Berlin was annoyed and

⁵ For correspondence relating to the Ethiopian-Italian conflict, see *Foreign Relations*, 1936, vol. III, pp. 34 ff.

⁶ See vol. II, pp. 615 ff.

⁷ *Foreign Relations*, 1936, vol. I, p. 478.

⁸ K. Ritter, Director of Commercial Policy Section of the German Foreign Office.

mystified that London had not yet approached them. He inferred Germany's willingness to participate adding that he had reason to believe that should satisfactory arrangements be made for Germany, Berlin would obtain Rome's participation.

It is obviously difficult to evaluate the conflicting statements in this matter and backgrounds are implied which are certainly not clear Geneva.

GILBERT

500.C1112/94: Telegram (part air)

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, January 19, 1937—3 p. m.

[Received January 19—7 a. m.]

21. Consulate's 16, January 15, 5 p. m.⁹ Developments in the Raw Materials Committee question: Poland, acting Council *rapporteur* on economic questions, has apparently taken the initiative away from Great Britain and is approaching Berlin direct in the matter of German participation. I am reliably informed that Beck¹⁰ is seeing von Neurath¹¹ in Berlin en route to Geneva.

This would seem to presage rather definitely that the Council will take some action upon the question. In order to obviate the disadvantages of an attempt at direct Geneva-Berlin relationship consideration is given to the Council's setting up a Committee confined to League states leaving to its chairman the obtaining of cooperation of non-League states.

Stoppani¹² now states that he has reason to understand that Rome is favorable in principle to participation to become effective if and when Italy resumes cooperation with the League of Nations. There is a strong rumor current that Rome now chooses to construe the various actions of a number of League states as *de facto* recognition of Italian sovereignty over Abyssinia and that Italy may even be represented at the forthcoming Council.

The Brazilian Consul General tells me that he has sent three telegrams to his Government inquiring respecting Brazilian participation but to date has received no response.

The Japanese Consul General tells me that Toyko regards the political aspects of the manner in which the project is developing strictly European. The Japanese member will thus at the outset

⁹ Not printed.

¹⁰ Józef Beck, Polish Minister for Foreign Affairs and Polish representative on League of Nations Council.

¹¹ Constantin von Neurath, German Minister for Foreign Affairs.

¹² Pietro Stoppani, Director of the Economic Relations Section, League of Nations Secretariat.

refrain from discussion and in effect act merely as an observer. He will, however, if the discussion renders it desirable take a position expressive of Japanese policy.

GILBERT

500.C1112/95: Telegram (part air)

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, January 22, 1937—2 p. m.

[Received January 25—9 a. m.]

26. Consulate's 21, January 19, 3 p. m. The Polish Minister informs me this morning that von Neurath assured Beck in Berlin that should he receive a communication from the Secretary General concerning the Raw Materials Committee he would not only answer it but respond in a manner which would not close the door to possible German participation. The Minister stated that he believed that the action of the Council would be such as would indicate the transmission of such a letter.

He gave me to read a draft Council resolution on this subject which I noted was carefully worded so as to leave the door open for the future participation of both Germany and Italy which the Minister told me was its intent adding that he was hopeful of Rome's participation after its "differences with the League had been settled". He stated that he believed there was now but little question but that the Council would establish the Committee.

At Sandler's¹³ request Beck added Sweden to the Committee list. The names to be submitted are as follows:

United States	Grady;
Great Britain	Leith-Ross;
Japan	Shudo;
Switzerland	Stucki;
Russia	Rosenblum;
South Africa	Strakosch;
Czechoslovakia	Pospisil;
Belgium	Leo-Gerard;
France	Rist;
Mexico	Gonzalo Robles;
The Netherlands	Van Gelderen;
Poland	Rose;
Portugal	Fernandez;
Sweden	Hoegbom

Muniz, the Brazilian Consul General informs me that his Government has just instructed him to serve.

¹³ Richard Sandler, Swedish Minister for Foreign Affairs.

The Canadian representative tells me that Canada is accepting in principle, the individual to be named later. He understands that Camsell and McNaughton are chiefly under consideration.

The list of participants is thus that given in my telegram 495, December 5, 10 a. m.,¹⁴ with the addition of Czechoslovakia and Sweden and, in consequence of the favorable Canadian Government action, the elimination of Austria.

GILBERT

500.C1112/96: Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, January 26, 1937—7 p. m.
[Received January 26—3:25 p. m.]

38. Consulate's 26, January 22, 2 p. m. The Council this afternoon adopted a report which provides for the setting up of the Committee on Raw Materials. The membership of the Committee as approved is as set forth in my telegram under reference including Muniz and in addition a representative of the International Labor Office.

The report authorizes the President of the Council "to make one or two other appointments if necessary such as the appointment of an expert of Canadian or Italian nationality". Also the Secretary General is directed "to take steps with a view to obtaining the co-operation of a German expert".

The Secretary General is likewise directed to fix the date of the first session and to prepare the necessary documentation.

GILBERT

500.C1112/97: Telegram (part air)

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, February 1, 1937—10 a. m.
[Received February 2—12:05 p. m.]

54. Consulate's 38, January 26, 7 p. m. The Secretariat is issuing invitations for the Raw Materials Committee to meet at Geneva, March 8. Grady will be notified direct.

The Secretary General has addressed a communication to the German Government asking if it desired to suggest an expert to be appointed a member of the Committee. The Italian Government is being addressed in somewhat similar terms.

GILBERT

¹⁴ *Foreign Relations*, 1936, vol. I, p. 479.

500.C1112/90 : Telegram

The Secretary of State to the Consul at Geneva (Gilbert)

WASHINGTON, February 4, 1937—7 p. m.

23. Has situation relating to questions raised in Department's 162, December 30, 5 p. m., and replies in your 527, December 31, 3 p. m.,¹⁶ become any more clarified? Please cable your latest impression as to character of the raw materials committee. Is it likely to find itself concerned with political as distinguished from technical problems? Even if it does not in fact concern itself with political problems are its activities likely in your opinion to be interpreted as directly connected with that aspect of the situation? Is its work likely to be perfunctory or is the expectation that it rather than the Secretariat will do the real work? What is Stoppani's present estimate of the number of times the committee may have to meet and of duration of meetings?

HULL

500.C1112/99 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, February 5, 1937—5 p. m.
[Received February 5—3:25 p. m.]

64. 1. It is not possible to give conclusive answers to the questions respecting the Raw Materials Committee set forth in Department's telegram 23, February 4, 7 p. m., and 160, December 14 [15], 5 p. m.¹⁷

The Secretariat is unable to give undertakings respecting any League activities and Secretariat forecasts of happenings possess only relative value. Much of the information I reported in previous telegrams on the political aspects of the matter is unknown to Stoppani and as it was given me in confidence I did not discuss it with him. I feel that a more proximate appraisal of these questions can be obtained only in the interested capitals.

The meeting is one of experts acting in their individual capacities and its terms of reference confine it to a technical inquiry of the problem. The circumstance of the alleged British, German and Polish attitudes which I have reported in my telegrams being widely discussed here has, however, evoked speculations regarding national motives lying behind this endeavor and has inspired on the part of certain representatives here expressions of misgivings as to the advisability of participating. This has led to a stressing in the press

¹⁶ *Foreign Relations*, 1936, vol. I, p. 484.

¹⁷ *Ibid.*, p. 482.

of the alleged political aspects of the question. Whether this will continue during the progress of the meetings it is impossible to say. In respect of the meeting itself it is of course possible that Poland for example may in some manner raise the "colonial issue". Undoubtedly in addition to the French and the British members the majority of the Committee would object to such a discussion and the Chairman under the Committee's terms of reference should presumably pronounce it as not in order.

It is now understood here that neither Germany nor Italy will participate.

2. Stoppani tells me that he believes the first session of the Committee will last about a week. He envisages it as taking the form of a general discussion in which the lines of the inquiry will be laid down and perhaps subcommittees established to prepare reports for a second and possibly final meeting to be held in May. The Secretariat is not preparing extensive material and will not do so except as responsive to the directives which it is expected the first meeting will afford.

Department's telegram 162, December 30, 5 p. m.¹⁸ Stoppani has made efforts to have the Economic Committee meet concurrently with the first session of the Raw Materials Committee. Although the possibilities of this are being explored it will probably not be feasible. If not, it is hoped that the Economic and the Raw Materials Committees may both meet in May.

GILBERT

500.C1112/105 : Telegram (part air)

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, February 23, 1937—6 p. m.
[Received February 25—2:30 p. m.]

75. Consulate's 38, January 26, 7 p. m. Berlin in a formal communication has declined without explanation to suggest a German expert for the Raw Materials Committee.

This action, which was anticipated here, is construed as an unwillingness of Germany to become involved in discussions which might tie her hands in the position she is assuming respecting colonies and is also in line with the policy of non-cooperation with the League. The circumstance of Germany's communicating at all with the League is in conformity with the undertaking which Beck obtained from von Neurath described in my telegram 26, January 22, 2 p. m.

GILBERT

¹⁸ *Foreign Relations*, 1936, vol. I, p. 484.

500.C1112/110: Telegram (part air)

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, March 6, 1937—noon.
[Received March 8—9:30 a. m.]

88. Department's No. 33, March 5, 2 p. m.,¹⁹ and previous telegraphic exchanges repeated from Paris and London.

A voluminous document prepared by the Secretariat for the use of members of the Raw Materials Committee (and thus technically confidential) under the heading "Under Guarantee in Virtue of International Treaties" contains the following:

"The 'open door' policy as an autonomous policy has thus undergone very serious modifications. In the African territories where this liberal regime still obtains, it is maintained in virtue of contractual obligations: in equatorial Africa (Congo Basin) in virtue of the Berlin Act of 1885²⁰—revised by the Brussels declaration of 1890²¹ and by the Convention of Saint Germain en-Laye of 1919²²—in Morocco under the Act of Algeiras of 1906;²³ in French West Africa, Nigeria, and the Gold Coast (Nigeria Basin), under the Franco-British Convention of 1908.²⁴ Even in regard to these territories, however, there is a tendency in the countries concerned to abolish the 'open door' regime. In the countries to which the system is still applicable there are increasing complaints of the difficulties which it causes, in particular the obligation to admit unreservedly to their colonies goods from all countries enjoying the benefits of the 'open door', while they themselves cannot dispose of their products in those countries. This it is claimed leads to very unsatisfactory situations; the colonies in question are showing heavy adverse trade balances. As a result the revision of the Niger Basin Convention of 1908 is now proceeding.

The Economic Conference of France and French overseas territories which met in Paris between December, 1934, and April, 1936, to consider the possibility of closer economic union between France and her colonies, on the lines of the Ottawa Agreements,²⁵ proclaimed that France should release herself from conventions which provide for the 'open door' in Morocco and the Congo Basin and should support the colonies in social, administrative, economic and financial matters in return for customs preference for her own products²⁶.

In response to an inquiry at the Secretariat I encounter assertions that the Saint Germain Convention will not be discussed in the first

¹⁹ Not printed.

²⁰ Signed February 26, 1885, *British and Foreign State Papers*, vol. LXXVI, p. 4

²¹ Signed July 2, 1890, *ibid.*, vol. LXXXII, p. 55, and Malloy, *Treaties, 1776-1909*, vol. II, p. 1964.

²² Signed September 10, 1919, *Foreign Relations, 1928*, vol. I, p. 437.

²³ Signed April 7, 1906, *ibid.*, 1906, pt. 2, p. 1495.

²⁴ Signed at Paris, September 19, 1907, approved April 3, 1908; *British and Foreign State Papers*, vol. CI, p. 763.

²⁵ Economic agreements between the United Kingdom and members of the British Commonwealth, signed at Ottawa, August 20, 1932; *ibid.*, vol. CXXXV, pp. 161 ff.

meeting of the Committee as all "political questions" will be avoided. The circumstances that British Secretariat officials particularly stress this leads me definitely to believe that it is a direct reflection of London's attitude.

The position of the Secretariat is that the first meeting the Committee will be brief and that extended general discussion will be avoided, any consideration of the substance of the question to await a second meeting possibly in May. The British assert, however, that a second meeting should not take place until after the next regular Assembly in the autumn. The reason for this more or less expressed is that it is hoped that by that time Italy will have returned to the League and that London will have come to cooperative terms with Berlin.

The Polish Minister called on me yesterday and asked if I thought political questions, especially those relating to colonies would come up in the Committee. He inquired, it seemed to me most disingenuously, whether I thought the American member would raise such questions. I have replied that as far as I knew Poland had had more to say about colonies than any state associated with the Committee. I am inclined to feel that with special reference to Berlin, Poland and Japan are to be particularly considered in this connection.

Present prospects respecting the work of the Committee derived from the Secretariat evoke strong expressions of dissatisfaction by representatives of states here not associated with the Committee who assert the position of certain powers is nugatory to any accomplishments by the Committee. They hold that any discussion which goes to the root of the raw materials question must consider aspects which are being labeled "political" and that this was true from the beginning and should have been foreseen.

Whether "political" discussion actually takes place in the Committee remains to be seen.

Nothing can be known until Committee members arrive and presumably until the Committee is under way. That "political" questions lie in the background of the entire matter has, however, been obvious from its inception. Consulate's No. 520, dated December 17, 4 p. m.,²⁶

I have thought it best not to display undue interest in the Saint Germain Convention, in my inquiries mentioned above having merely mentioned this item among others appearing in the Secretariat document. I have felt that it would be unwise to display such interest particularly in advance of the question arising in the Committee with special regard to the conditions under which it might be initiated.

GILBERT

²⁶ *Foreign Relations*, 1936, vol. I, p. 483.

500.C1112/113: Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, March 13, 1937—11 a. m.

[Received March 13—9 a. m.]

94. The Committee on Raw Materials met in private from March 8 to 12. Rist was unable to attend and was not represented. Stucki was elected chairman.

1. From conversations with Grady I learned:

All members took part in the general discussion.

Grady pointed out that for the United States the problem of raw materials was primarily one of markets for our staple, agricultural and raw material surpluses hence one of commercial policy. He described in this connection the trade agreements program laying particular emphasis on the principle of non-discrimination which the program aims to advance. He urged that this principle be the basis of the approach to the problem of raw materials.

The Committee recognized that the question of the redistribution of colonies was outside its terms of reference. The discussion related chiefly to a general survey of the problem and method to be followed by the Committee.

The most significant indications of positions were as follows: The British attitude was negative. Leith-Ross while not obstructive showed little enthusiasm and indicated that he saw little purpose in the Committee's work other than its effect in deflating the question with respect to public opinion. The Polish member showed most interest and while endeavoring to cover the position taken by Germany and other "complaining" countries he admitted that for his country the problem was chiefly one of payment. The Russian emphasized the connection between general policy including rearmament and the difficulty of certain countries in obtaining raw materials. Shudo stressed the need for freer trade in finished goods and the exploitation of undeveloped areas.

The Committee directed the Secretariat to prepare a statistical study of certain raw materials including crude foodstuffs and decided to meet on June 21. For future work it was divided into two subcommittees, the first to deal with difficulties relating to supply such as export restrictions, the second, to which Grady was appointed, with difficulties of purchase and payment such as transfer, tariff policy including the open door question etc.

Mail report follows.²⁷

²⁷ Despatch No. 2075 Political, March 19, not printed.

2. Grady's speech was extremely well received both in the Committee and by the press.

GILBERT

500.C1112/121

The American Member of the Raw Materials Committee (Grady) to the Secretary of State

BERKELEY, CALIF., April 3, 1937.

MY DEAR MR. SECRETARY: Though I reported verbally to you on the meeting of the Raw Materials Committee in Geneva and I did likewise to the other interested members of the Department, I thought it might be well to give a brief written report on this first session of the Committee. A report of my remarks will be received by the Department from Gilbert if it has not already come.²⁸ I would suggest attaching that report to this letter.

As you were advised, Rist was unable to attend although he was expected from day to day. Stucki was made Chairman and Leo-Gérard, the Belgian, Vice-chairman. The Committee's composition naturally determined the trend of the discussion. Leith-Ross was the only active representative for the position of the "have" countries and Rose, the Pole, the only active representative for the case of the "have-nots". Had Rist been there, I take it he would have joined Leith-Ross in defending the colonial position, though the colonial question as such was ruled out under the terms of reference, and had Italy and Germany been represented, there would have been a more militant presentation of the opposing point of view. The Japanese representative (Shudo) was little more than perfunctory in his presentation of the Japanese position which may be regarded as similar to that of Italy and Germany.

The raw material exporting countries, if one can classify countries in this way, because most countries are both buyers and sellers, were in large majority. The countries having neither a definite raw material import or export position represented on the Committee were Switzerland, Czechoslovakia, and Sweden. The United States, as I pointed out, is interested in both sides of this question for it exports and imports raw materials in large volume. It seemed to be the consensus of opinion that the question before the Committee if regarded in purely economic terms was largely one of commercial policy. I think there would be little disagreement with this point of view even by the complaining countries if commercial policy is used in its

²⁸ Report not printed, but see telegram No. 94, *supra*.

broadest sense; that is to include all factors bearing on economic relations between countries. It should include not only the general principles upon which business is done across national boundaries but all the methods and devices which governments are using in the interest of nationalistic objectives. In other words, if the "have" countries are prepared to have their own efforts to construct closed areas examined as well as the efforts of the "have not" countries, that is one thing; but if the "have" countries simply wish the "have-nots" to give up their exchange and other controls and have their bilateral balancing mechanisms discarded while the "have" countries maintain their empires and zones of interest, that is another.

In my remarks I stressed the necessity of a comprehensive and sympathetic study of all phases of this question. To me a German closed area and a British Empire closed area are different simply in degree, and the instruments used to effect the German and British purpose are of secondary importance. Despite the fact that the colonial question is not formally before our Committee, it is certainly there by implication. Unless the Committee comes to grips with the basic question of discrimination versus non-discrimination in world trade and world economic relations, it will have failed of its purpose.

I am not certain how far the British are prepared to go in supporting the kind of study and report which alone will reflect good faith on the part of the Raw Materials Committee. Leith-Ross gave no indications publicly of endeavoring to predetermine the Committee's conclusions, but I am not sure that of the British may not seek to have issued a report which will merely answer the superficial contentions regarding the distribution and accessibility of raw materials rather than one addressed to the real basis of complaint of the so-called "deprived" nations. The next meeting of the Committee will pretty well determine this question. As you perhaps know, the date of the Committee has been moved up from June 21 to June 16.

Sincerely yours,

HENRY F. GRADY

500.C1112/127a : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*²⁹

WASHINGTON, May 10, 1937—11 a. m.

58. Please cable briefly any significant recent developments concerning the Raw Materials inquiry, particularly concerning the British attitude.

HULL

²⁹ Identical telegram sent to the Ambassador in the United Kingdom as Department's No. 167, May 10, 11 a.m.

500.C1112/128 : Telegram

The Consul at Geneva (Everett) to the Secretary of State

GENEVA, May 12, 1937—2 p. m.
[Received May 12—11:20 a. m.]

142. Department's telegram 58, May 10, 11 a.m. So far as can be ascertained from Geneva sources at this stage, the raw material situation remained about the same as described in my despatch 2102 Political,³⁰ to which may be added, however, the following:

1. I learn on good authority that Stoppani who has just left London for Paris is urging the British to indicate at the next meeting a willingness to take unilateral measures to liberalize some of the present discriminatory restrictions and practices in their colonies and mandated territories. Although present indications here seem to point to a more liberal attitude on the part of the British at the next meeting the extent to which they may manifest a liberalization of their policy in practice is as yet entirely uncertain. I may be able to obtain further information after Stoppani's return to Geneva in a few days. Leith-Ross has not yet replied to the Secretariat questionnaire.

I understand that the French are considering what position they will take in case the British follow Stoppani's suggestion.

2. I understand that at the next meeting an endeavor will be made to develop some plan to assist financially weak states in overcoming certain of their difficulties in obtaining foreign exchange for the purchase of raw materials. Momtchiloff, one of the experts appointed after the last meeting, is sending Grady confidentially a copy of his memorandum which deals with this phase of the question.

3. Secretariat informs me that at the request of Argentine Minister here an Argentine national will probably be appointed to the Committee.

EVERETT

500.C1112/130 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, May 14, 1937—6 p. m.
[Received May 14—2:25 p. m.]

287. Your 167, May 10, 11 a.m.³¹ The British authorities were pleased with the interim report which Leith-Ross was able to obtain at the March meeting in Geneva particularly in that attempts to limit the inquiry to colonial raw materials were defeated and the two sub-

³⁰ Not printed.

³¹ See footnote 29, p. 814.

committees of supply, and purchase and payment which were set up must depend for their data on the statistical findings of Loveday's section of the League. These subcommittees are expected to meet about the middle of June and it is hoped that the Committee itself will be able to report about the first of July.

The attitude of the British authorities is at the present time largely governed by the fact that they bear the major responsibility for the undertaking of this inquiry; they are more concerned about avoiding a failure than about achieving success. They hope that a number of minority reports will not be submitted but that the Committee after deliberation will be able to make some definite proposal of limited scope. As far as can be ascertained this inquiry is at the moment receiving no active consideration here but I rather gather that the British may favor a proposal of limited scope in the direction of the open door which in one of my conversations it was emphasized "would not be very important economically but would have a good psychological effect."

BINGHAM

500.C1112/134 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, May 22, 1937—1 p. m.
[Received May 22—9:45 a. m.]

156. Consulate's 142, May 12, 2 p. m. Based on conversations in London and memorandum which Leith-Ross has now submitted, Stoppani is of the opinion that the British will take a more constructive attitude in Raw Materials Committee and will be prepared to liberalize their policy in colonial and mandated territories as regards some questions such as the limitation of oil concessions to British nationals. Eventually he thought they might even consider the modification of colonial preference although the obstacle of Japanese competition is very difficult.

GILBERT

500.C1199/275 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, June 21, 1937—3 p. m.
[Received June 21—12:06 p. m.]

228. From Grady. The next meeting Economic Committee is at present tentatively set for September 6th. I shall be unable to attend due to my service with the Philippine Committee.³²

³² Joint Preparatory Committee on Philippine Affairs.

It has been arranged that the Bureau of the Committee will prepare a draft report which will be forwarded to members about August first. Their comments thereon will be forwarded to the Secretariat in time for a revised draft report to be prepared for the September meeting. This meeting which will be very brief will then determine the final text of the report.

The rules of the Committee provide for the naming of a personal substitute. Thompson³³ attended the last session of the Committee with me and having become acquainted with my views has lent me competent assistance. The discussion in September will be a continuation of that at this meeting and I thus feel that I would be best served by naming him to represent me personally and unless some objection be seen I would greatly appreciate the Department's permitting him to serve me in that capacity. In such an event arrangements would be made for his keeping me in touch with developments here and my conveying to him in advance the views I would desire to have expressed as occasion may arise respecting specific questions considered at the meeting. I plan to leave Geneva on Friday next and it would be useful could I receive an early response to this telegram in order to complete all arrangements before leaving. [Grady.]

GILBERT

500.C1199/275 : Telegram

The Secretary of State to the Consul at Geneva (Gilbert)

WASHINGTON, June 22, 1937—4 p. m.

108. For Grady. Your 228, June 21, 3 p. m. It is regretted that it would be contrary to the Department's policy to permit an official of the State Department to serve as substitute for you.

HULL

500.C1112/145 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, June 25, 1937—5 p. m.
[Received June 25—1:50 p. m.]

235. Grady informs me as follows:

The Raw Materials Committee closed its session today after reaching substantial agreement on the preliminary text of a report. It was decided to hold a short session beginning September 1st to agree on the final text. In the meantime the Bureau of the Committee and the Secretariat will supplement certain parts and redraft the report

³³ Llewellyn E. Thompson, Jr., American Consul at Geneva.

which was chiefly prepared in sections by subcommittees. Moreover, certain members will study and prepare memoranda on technical phases of the present draft, particularly with reference to the concrete recommendations.

The British showed a decidedly liberal attitude and made every effort to meet the Japanese and Polish points of view and while on several controversial issues the report as yet merely expresses different points of view there seems to be every prospect that the final report as a whole will be constructive. The recommendations as they now stand are along the lines of a liberalization of trade and financial controls and if as seems likely they are maintained in the final report they will furnish very real moral support to our policies. Certain of the recommendations may also aid some of the smaller European countries in dealing with their raw materials problems.

GILBERT

500.C1199/278a : Telegram

The Secretary of State to the Consul at Geneva (Gilbert)

WASHINGTON, July 1, 1937—5 p. m.

115. Personal from the Secretary for Grady. The matters of importance before the Government in the field of trade and commercial policy have continued to increase both in number and importance. Many of them are now, or are approaching points at which important decisions which must be adequately prepared will be called for. Furthermore, I feel that what happens in these matters during the next few months may determine whether our whole general trade policy can be carried forward and turned into a world program, or be completely blocked by events elsewhere.

For all these reasons I feel it important that the Government have the full services for this work of those best qualified to carry it forward and it considers your role in it both in Washington and in the Committee work at Geneva secondary in importance to nothing. For all these reasons I consider it urgent for you to continue your work in these matters rather than be compelled to put them aside to undertake the duties of the Chairmanship of the Philippines Commission, which duties would be so extensive and onerous as to require all the time of the person filling that position.

I have discussed this matter with the President, who is of the same opinion.

I am aware of the fact that in order to undertake your duties on the Philippines Commission you have been compelled to work out extensive and difficult personal arrangements and that to change them now will undoubtedly be a great inconvenience to you. Please call

upon the Department for any assistance that may be useful in making necessary rearrangements.

My personal regards. I am looking forward to having your highly valuable cooperation.

HULL

500.C1199/279 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, July 3, 1937—1 p. m.
[Received July 3—9:40 a. m.]

152. Personal for the Secretary of State from Grady. Fully concur in your decision regarding Philippine Commission. My sole desire is to serve you and the President in whatever capacity I can be the most effective. I am advising the League officials through Gilbert that I will attend the September meetings. Leaving tomorrow for London whence I will return to Washington about the middle of July unless I receive from you other instructions. Visit here has been most profitable. Kindest regards. [Grady.]

Dodd

500.C1112/151 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 7, 1937—3 p. m.
[Received September 7—1:10 p. m.]

269. Grady informs me as follows:

The Raw Materials Committee has adjourned having agreed upon a report³⁴ which includes the reports drawn up by the two subcommittees in June slightly modifying, a long introduction and a brief statement of conclusions. Several special studies are annexed to the report including a technical analysis by Professor Hogbom.

Rosenblum insisted upon the insertion of a strong personal statement on the relationship of armament programs in certain countries to the problem. Mention is also made of the suggestion of certain members for the calling of a conference of the countries chiefly concerned as producers, consumers or colonial powers when conditions appear favorable.

The conclusion states that difficulties in regard to supply exist but are not serious and the Committee recommends that certain points relating to these difficulties [be] assiduously examined by the parties concerned. Difficulties in regard to payments are held to be of vastly greater importance but the Committee found itself unable to hold out hope for their easy solution. The report concludes as follows:

³⁴ League of Nations, *Report of the Committee for the Study of the Problem of Raw Materials*, September 8, 1937 (Official No.: A.27.1937.II.B.).

"There is no doubt that there is an inequality in the distribution of raw materials, and the problem of commercial access can only be solved by a restoration of international exchange on the widest basis. The formulation of such a solution, involving as it does political, financial and economic factors, is far beyond the competence of this Committee, but the Committee is anxious to see that their deliberations should lead to practical results, and suggests that the report should be referred to the Financial and Economic Committees of the League with a view to their following up the various suggestions made in it, so that practical effect may be given to them as and when circumstances permit."

BUCKNELL

500.C1199/291

Memorandum by the Secretary of State

[WASHINGTON,] September 7, 1937.

The British Chargé, Mr. Mallet, came in at my invitation. I proceeded to say, very earnestly, that during the past two or three years the reports of the Finance Committee and the Economic Committee at Geneva have been virtually colorless; that at the behest of big business men from different important countries they have been watered down until they virtually have amounted to nothing; that these steps of inaction and inertia have been going on for two or three years on the part of those who should have been resolutely carrying forward a basic program for liberal commercial policy and general economic rehabilitation; that although the forces of militarism and aggression have been carrying on and are endeavoring today to assert world supremacy, the forces of peace and economic rehabilitation are standing still in their tracks so far as Europe is concerned, and it is my hope that the economic and financial committees at Geneva will proceed to function. I sought to leave the impression definitely in the mind of the Chargé that British influences were a major factor in chloroforming the economic situation at Geneva.

C[ORDELL] H[ULL]

500.C1199/292 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 9, 1937—10 p. m.

[Received September 9—8:50 p. m.]

273. Grady informs me as follows:

The Economic Committee closed its session today. The draft report (despatch 2191, August 7, 1937,³⁵) was adopted with a number of modifications among which were the following:

³⁵ Not printed.

1. The Committee states that while it hesitated to submit a report in view of present disturbed political situation it felt that nevertheless these circumstances make it more necessary than ever to make an effort which by helping to bring about economic improvement may contribute to safeguard peace.

2. The section on trade balances was rewritten to reduce emphasis on the commodity item in the account by specific reference to invisible items.

3. The failure to mention our policy in the preliminary draft was an oversight which was corrected by references to "the influence of the commercial policy for which Mr. Cordell Hull is responsible" and to the renewal of the Trade Agreements Act as among the favorable factors in the world situation.

4. The recommendation for the general suppression of quotas was changed to avoid giving the impression of defending agricultural quotas. Pending complete suppression it is strongly urged that quotas be administered on a non-discriminatory basis.

5. The report as a whole as finally adopted is a strong endorsement of the principles on which the American program is based. This endorsement should be of real value in furthering American policy.

The report ³⁶ will be released to the press tonight.

BUCKNELL

500.C1199/302 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, November 9, 1937—10 a. m.
[Received November 10—3:32 a. m.]

364. Department's telegram 159, November 8, 7 p. m.³⁷ Stoppani himself suggested and I agree that Grady's attendance next meeting not essential, particularly as a more important meeting will be held in February. Discussion at December meeting ³⁸ will mainly be concerned with raw materials. See despatch 73 Political October 30.³⁷

Stoppani is anxious, however, that an American expert be present and hopes that Grady will designate a substitute. Because of the expense preferable but not essential that some one already in Europe be appointed.

BUCKNELL

³⁶ League of Nations, *Economic Committee, Forty-Sixth Session, Report to the Council*, September 10, 1937 (Official No. : C.358.M.242.1937.II.B.).

³⁷ Not printed.

³⁸ Held December 6-9, 1937; see League of Nations, *Economic Committee, Report to the Council on the Work of Its Forty-Seventh Session*, December 9, 1937 (Official No. : C.557.M.411.1937.II.B.).

500.C1199/305 : Telegram

The Secretary of State to the Consul at Geneva (Bucknell)

WASHINGTON, November 18, 1937—1 p. m.

162. Your 364, November 9, 10 a. m.

"For Thompson from Grady. Please attend December meeting of Economic Committee as my substitute. Advise Stoppani. Letter follows."

The Department has no objection to Thompson serving in this capacity. You should, in informing Stoppani of Thompson's selection, state that Thompson, at Grady's request, will follow the proceedings of the December meeting and report to Grady as his substitute.

HULL

500.C1199/306 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, November 23, 1937—3 p. m.
[Received November 23—1:15 p. m.]

367. Department's telegram 162, November 18, 1 p. m. Stoppani informs me that he has arranged with the Chairman of the Economic Committee for Thompson's attendance as Grady's substitute. He hoped that Thompson would participate in the discussion. I replied that at present he was instructed merely to follow the discussion and report to Grady.⁴⁰ I added that complete instructions from Grady were expected by mail.

I am mailing today a draft report on raw materials⁴¹ prepared by the Secretariat for the Committee's consideration which contains a draft declaration of policy⁴² which it is suggested that the Council submit to Governments for their observations. In the light of the replies received a decision could be taken as to whether individual governments should make declarations along the lines suggested or whether a single text should be established and opened for signature.

The draft declaration sets forth the policy which the parties declare it is their intention to follow towards other states associating themselves with the declaration and is divided into three parts as follows:

⁴⁰ The Consul was informed by telegram No. 163, November 24, that telegram No. 162, November 18, 1 p. m., was not intended to prevent Mr. Thompson from participating in the discussion as Mr. Grady's substitute, and that general instructions from Mr. Grady had been mailed on November 23.

⁴¹ League of Nations document E. 1004, Geneva, November 18; copy transmitted to the Department by the Consul at Geneva in his despatch No. 92 Political, November 23, not printed.

⁴² "Draft Declaration Concerning (the Establishment of Permanent Guarantees in Regard to) Commercial Access to Raw Materials."

(1) A declaration that no prohibition or restrictions will be placed on the export of raw materials and that no export duties will be levied except of a fiscal character. An exception is made for temporary measures taken in extraordinary circumstances to safeguard vital interests. The declaration would also apply to colonies, protectorates, et cetera.

(2) A declaration that foreigners would have equality in law and in fact with nationals in the production of raw materials. Exceptions are provided for the control of the exploitation of mineral resources and for laws and regulations concerning the admission, sojourn and settlement of foreigners and for the protection of the national labor market. It would also apply to colonies but makes special provision for obligations towards indigenous populations provided there is no discrimination between nationals and foreigners.

(3) A declaration that as respects effective international regulation schemes which may be established concerning coal, petroleum, iron, copper, tin, rubber, timber, cotton and wool the Government in order to ensure that the schemes do not unduly interfere with the trade in raw materials nor unduly raise prices will either participate directly in the schemes or will obtain the necessary powers to exercise an effective supervision. It further provides for "effective representation" of consuming countries, for publicity and for the consideration of complaints.

These declarations would apply solely to industrial raw materials excluding foodstuff. The document contains an additional declaration taken mainly from Eden's Assembly speech of September 20 containing an offer to consider specific complaints respecting abuses of colonial preference treatment.

Stoppani has written Grady urging that he send Thompson some indications as to the attitude he should take towards the draft. He said these could be quite general since the only decision the Committee could take would be to ask the Council to submit the draft to governments. If not already desired that Thompson endeavor directly or indirectly to influence the tenor of the report it would be helpful in addition to any specific observations Grady may wish to cable upon receipt of the document, to receive as soon as possible by mail any general comments or material readily available for background.

BUCKNELL

500.C1112/171a : Telegram

The Secretary of State to the Consul at Geneva (Bucknell)

[Extracts]

WASHINGTON, December 3, 1937—5 p. m.

164. For Thompson from Grady. The following comments upon the draft declaration concerning commercial access to raw materials ⁴⁸

⁴⁸ See telegram No. 367, *supra*, footnotes 41 and 42.

have been prepared after consultation with the Department and with interested individuals.

The Secretariat should be commended for its draft, particularly for the position taken in chapters 1 and 2⁴⁴ and the forceful observations supporting chapter 2.

Careful study would be required to determine the ability of the United States at the present time to assume the obligations of chapter 2. For your background information the mining laws limit the exploration and purchase of public lands of the United States to citizens and those who have declared their intention to become citizens, and the General Leasing Act⁴⁵ provides that deposits of coal, phosphate, sodium, oil, oil shale or gas may be disposed to citizens or to corporations organized under the laws of the United States, the states or territories, provided that citizens of countries which do not grant reciprocally like privileges may not hold stock in corporations securing such leases. The limitations of the mining laws have been considerably liberalized by court decisions but the situation is complicated by other provisions of Federal law and by the laws of some states denying or restricting the right of aliens to acquire and hold property.

Although the United States is sympathetic to efforts to organize production and marketing efficiently and on a remunerative basis, it is felt that there is need for much more study and specific consideration of the problems created for consumers in connection with international control schemes. It is the opinion here that it would be unfortunate if chapter 3⁴⁶ should be adopted as at present drafted, countenancing insufficiently safeguarded restrictions on the movement of raw materials by international agreement, restrictions which countries might not impose individually under the declaration.

The full participation of at least the principal consuming countries (as in the international wheat and sugar agreements⁴⁷) appears to be the only method so far suggested that would assure consumers effective representation. The consumers' panels invited to tender advice to the International Tin Committee and to the International Rubber Regulation Committee fall short of effective consumer representation,

⁴⁴ Chapter I, "Prohibitions, restrictions and duties on the exportation of raw materials"; Chapter II, "Development of natural resources".

⁴⁵ Approved February 25, 1920; 41 Stat. 437.

⁴⁶ "International schemes for the regulation of the production and marketing of raw materials".

⁴⁷ Final Act of the Conference of Wheat Exporting and Importing Countries, . . . signed August 25, 1933; League of Nations Treaty Series, vol. cxli, p. 71. International Sugar Agreement, signed May 6, 1937; Department of State Treaty Series, No. 990, or 59 Stat. 922.

firstly because they have no vote or active participation in the administration of the agreements and secondly because only manufacturers, the first buyers of the raw materials, are represented.

The suggestion has been made that the proposed declaration should include an engagement on the part of governments to afford the Secretariat of the League or some agency full and continuing information regarding the subjects covered by the declaration. Should the Secretariat be prepared to undertake this task, it is felt that it might be of great service in centralizing information regarding and study of actual restrictions upon the export of raw materials and the development of natural resources and that it might follow closely the operations of international control schemes.

The limitation of the effect of the declaration to those countries participating in it is in line with the established policy in the United States to extend certain privileges only to citizens of those countries which extend like privileges to American citizens.

HULL

INTEREST OF THE UNITED STATES IN THE PROMOTION
OF WORLD PEACE THROUGH INTERNATIONAL ECO-
NOMIC COOPERATION ¹

611.0031/2717

Memorandum by the Secretary of State

[WASHINGTON,] February 18, 1937.

The new French Ambassador ² called to pay his respects. Apart from the usual exchange of greetings and welcome, the Ambassador repeated and elaborated the attitude of his Government towards our reciprocity program and connected it up closely with any movement for peace. He said that his Government was in the most thorough accord with my Government in support of this program and movement and that they would be watching every opportunity to confer, collaborate and cooperate. I thanked him and expressed my gratification to be told what I really already knew about the favorable attitude of the Ambassador himself and that of his Government towards this program. He expressed himself upon leaving as believing that the British and French and the United States Governments could and should collaborate and cooperate in the work of economic restoration and that this would make it possible to bring same about.

C[ORDELL] H[ULL]

640.0031/92a : Telegram

The Secretary of State to the Minister in the Netherlands (Emmet)

WASHINGTON, March 4, 1937—noon.

8. Please keep Department fully informed of discussions at conference of members of the Oslo Convention now assembled at The Hague.³

HULL

¹ For previous correspondence, see *Foreign Relations*, 1936, vol. 1, pp. 453 ff.

² Georges Bonnet.

³ Conference, March 3-7, 1937, of experts from Finland and the States signatories of the Oslo Convention of December 22, 1930, Belgium, Denmark, Luxembourg, the Netherlands, Norway and Sweden; for text of the Oslo Convention, see League of Nations Treaty Series, vol. cxxvi, p. 341.

640.0031/93a : Telegram

The Secretary of State to the Minister in the Netherlands (Emmet)

WASHINGTON, March 5, 1937—2 p. m.

10. Please call on Premier Colijn immediately and, after conveying to him my heartiest greetings, read to him the following personal message which of course is not to be laid before the Conference:

"I have noted with great interest the convocation on your initiation of a conference of experts of several neighboring governments favoring liberal trade policies to consider what contribution it may be feasible for them jointly to make to general economic appeasement by the removal of barriers to international trade. Such initiatives for governments to consider their foreign trade policy on a broader basis than that of the immediate individual interest of each country are a helpful approach to the problem of the maintenance of peace, which has recently also been the subject of a conference of the American governments at Buenos Aires.⁴ I, therefore, take the occasion to express the hope and sympathy with which this Government views the labors of the conference which you have convened.

"I have also noted that press dispatches quote the following passage from your address before the opening session of the conference: ⁵

'The most-favored-nation clause, although beneficial in many respects, is sometimes an impediment to the removal of trade barriers between countries which wish to do so but are prevented by the existing application of the clause. It may therefore be necessary for us to contemplate the possibility of a new interpretation of the most-favored-nation clause in commercial treaties.'

"If this statement as reported is correct, I am very anxious to know just what type of modification in the interpretation of the most-favored-nation clause you have in mind. In this connection, I venture, in a purely personal way, to make the following comment relative to the most-favored-nation principle: The unconditional form of the favored-nation policy alone offers the rule of equality instead of the rule of discrimination. Is there not serious danger that if the unconditional form of the favored-nation policy is materially modified, the integrity of the principle of equal treatment will be destroyed and consequently the principle itself ignored, while nations lapse back into the narrow policy of cut-throat bilateral trading alone, as exists between so many countries today?

"This was the consideration which moved the twenty-one American nations at their recent Conference at Buenos Aires to adopt a Resolution reaffirming their conviction that 'the principle of equality of treatment stands and must continue to stand as the basis of all acceptable commercial policy.' While recognizing that in the pursuit of this vitally important objective some nations may have to make minor exceptions or special qualifications, the Conference was unani-

⁴ See *Foreign Relations*, 1936, vol. v, pp. 3 ff.

⁵ For partial text of speech, see the *New York Times*, March 4, 1937, p. 17, col. 4.

mously and emphatically of the opinion that exceptions and qualifications of this sort should be of such a nature as not to discredit or impair the general rule of equality of treatment.

"My principal purpose in thus communicating with you at this time is to call attention to the attitude adopted by the twenty-one nations at Buenos Aires, which envisages an objective, common not only to them but also to many nations in Europe and elsewhere as an indispensable factor in any successful attack upon the excesses in the existing world trade barrier situation. I am convinced that similar re-affirmation of the principle of equal treatment as the basis of constructive commercial policy by such groups of nations as those represented in your conference would have a great effect in advancing everywhere a liberalized economic program designed to remove excessive trade barriers and to restore fair trade methods and practices as fully as possible."

HULL

640.0031/94 : Telegram

The Minister in the Netherlands (Emmet) to the Secretary of State

THE HAGUE, March 6, 1937—5 p. m.
[Received March 6—3:19 p. m.]

16. Department's telegram No. 10, March 5, 2 p. m. Quotation in third paragraph of Department's telegram incomplete and misleading. Add the following after "commercial treaty [*treaties*]". "Always however bearing in mind that any rash action must be avoided and that nothing substantial in this respect can be done without full approval of those countries with whom we have treaties based on the existing application of the clause".

The type of modification Doctor Colijn has in mind is restricted to finding an application which may be helpful against different forms of dumping and protection against imports from countries which have a far lower standard of living than others. Whether it will be possible to arrive at concrete proposals to be submitted to the consideration of other powers is not as yet clear. The point has not even been discussed at this informal meeting of experts. The Secretary may feel assured that nothing will be done unless it will get the approval of other states with whom Oslo States have treaties based on unconditional most-favored-nation clauses.

Doctor Colijn sends his personal regards and [thanks?] the Secretary of State for his message. He wishes the Secretary of State to know that no definite results have been achieved or are expected at this first meeting but that he is favorably impressed with the good will of the experts who will return here probably in April with more definite instructions.

EMMET

640.0031/97

The Minister in the Netherlands (Emmet) to the Secretary of State

No. 678

THE HAGUE, March 8, 1937.

[Received March 17.]

SIR: I have the honor to refer to the Department's telegraphic instruction No. 8, of March 4, 12 noon, and to explain that no information was sent to the Department by cable on the opening day of the conference of experts of the "Oslo States" because the only event of any importance was the speech made in English by Premier Colijn, which was carried over the radio and which, it was understood, was cabled in full to the American newspapers. A copy of the English text of this speech is enclosed herewith.

The Department's No. 10, of March 5, 2 p.m., containing Secretary Hull's message, arrived Saturday morning and was taken to Dr. Colijn at twelve o'clock. The Premier expressed his appreciation of the Secretary's message and hastened to give assurances concerning that part of his speech in which he mentioned some adjustment of the most-favored-nation arrangements between the various States. What he said was reported almost verbatim in the confidential section of the Legation's No. 16, of March 6, 5 p. m. In addition he sent cordial greetings to the Secretary and was very complimentary about his courageous and broad-minded trade policy.

In reply to a question concerning the progress of the Conference of experts which, as the Department was informed in the Legation's No. 14, of March 5, 1 p. m.⁶ was held behind closed doors, he said that he did not expect anything to be done at this time but that he was favorably impressed by the good will of all the delegates and he did expect them to return with full powers in April, after consultation with their various governments. Real results, he said, could hardly be expected within a period of two years but things were going to be started now and each problem dealt with as it came up. He did not so greatly fear the unfavorable influence of Great Britain as he had at one time but at least one "Oslo State", i. e., Denmark, would find things more difficult than some of the other States because of its almost complete dependence on British markets. In this connection he said that he had been much impressed by the memorandum written recently by Sir Frederick Leith-Ross⁷ on agricultural protectionism (published by the Economic Section of the League), wherein he had pointed out convincingly that

⁶ Not printed.

⁷ Economic adviser to the British Government.

the present protective quantitative regulations were destroying purchasing power in agricultural countries, which in turn led to unemployment in industrial countries. He therefore really expected that something might be done of mutual benefit to all but with a definite view to assuring better markets for the agricultural products of the Scandinavian States and Holland.

The conference of experts ended yesterday and the delegates have left The Hague. On Friday night there was a banquet given them by the Government at the Hotel des Indes; otherwise there was very little fuss and almost no information given to the press. It seemed to be well understood that the departmental experts were not authorized to speak for their governments but were merely exploring certain technical points. During the long hours of their conferences they actually studied in turn the trade restriction or "crisis" measures adopted by each of the States and drew up a report to be submitted to their respective governments concerning the desirability of eliminating certain of these measures. It is believed that this report, without underestimating the existing difficulties, suggests certain definite steps to be taken. Further conferences are to be held, the next in April, when possibly, if enough progress is made, each nation will be represented by official delegates. Progress is expected to be slow but, as Premier Colijn himself said: "When people who have been cutting each other's throats for a good many years shake hands and sit around the table to discuss mutual problems, it cannot be said that something has not already been accomplished."

According to the *Algemeen Handelsblad* of yesterday the experts agreed to recommend to their governments certain changes in the Oslo Convention. These changes are to be of a practical nature and will make it all the more necessary for representatives of the "Oslo States" to meet often in conference. This information came from an official source and it may therefore be assumed that a good beginning was made or at least that the meetings were harmonious.

Respectfully yours,

GRENVILLE T. EMMET

640.0031/97: Telegram

The Secretary of State to the Minister in the Netherlands (Emmet)

WASHINGTON, March 19, 1937—7 p. m.

15. Your despatch No. 678, March 8. Please deliver the following message to Premier Colijn for me:

"I appreciate your friendly consideration of my informal message to you regarding the meeting of experts of the Oslo States. Now that I have had the opportunity to read the speech you delivered to that Conference, I wish again to convey my great interest in this initiative

and my hope that the countries meeting in this Conference will be able to concert their efforts effectively for the lessening of restrictions to international trade. The growth of peaceful and mutually beneficial trade between nations can alleviate many of the troubles that now confront them.

I see the possibility of the creation of a determined worldwide opinion that national policies must be shaped to facilitate trade, and that the economic and political policies which thwart such actions must be abandoned. The Governments of many European countries have recently proclaimed their belief in this program. At the recent conference held in Buenos Aires the 21 American Republics adopted it as their settled policy.

If the Governments of the countries which met recently at The Hague will throw their determined weight in the same direction, and proclaim their views with untiring force, and call upon all other countries to pursue conformable economic and political policies, the whole movement will receive great encouragement and impetus.

I trust you will accept this expression of my personal views and hopes as coming from one wholly sympathetic with your effort."

Will you then suggest that publication of this message may help to develop American interest in the meeting of the Oslo states, and in his general program and mine, and that I therefore would like his opinion as to possible publication.⁸

HULL

640.0031/107 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, April 3, 1937—2 p. m.
[Received April 3—12:10 p. m.]

141. During the course of my conversation [with] Ciano⁹ yesterday I reminded him of Secretary Hull's conviction that the only way to bring the world out of the present international chaos and misunderstanding was through economic recovery but that the United States could not carry the whole load in this respect and that we were therefore doing our utmost to persuade other governments to adopt programs to this end. I suggested that if Ciano and other Italian leaders would associate Italy in the cause of economic recovery and get away from the idea of the use of "force" there would be an instant and friendly response not only throughout the United States but elsewhere.

Ciano replied that he welcomed this suggestion, that he was planning to make a speech on international affairs in the Chamber in the

⁸ In telegram No. 26, March 30, noon, the Chargé in the Netherlands informed the Department that Premier Colijn had no objection to publication of the communication in question, which, however, was not released to the press (640-0031/105).

⁹ Count Galeazzo Ciano, Italian Minister for Foreign Affairs.

course of 3 weeks or a month, and that he would devote a substantial part of it to international economic recovery.

PHILLIPS

600.0031 World Program/101

Memorandum by the Counselor of Embassy in Belgium (Sussdorff) ¹⁰

[BRUSSELS,] April 17, 1937.

The following information was furnished to me by a member of the German Legation in Brussels:

In addition to his meeting with Mr. Franck, Governor of the Banque Nationale de Belgique, Dr. Schacht¹¹ had an audience with King Leopold,¹² long conversations with Mr. van Zeeland, Belgian Prime Minister, and Mr. de Man, Belgian Minister of Finance, and short conversations with a number of Belgian financiers and business-men. Dr. Schacht did not carry on any negotiations with Belgian officials or with Belgian commercial interests during his visit in Belgium. Dr. Schacht's visit was very important in that it afforded him an opportunity to acquaint Belgian officials with Germany's point of view on many questions. The fact that Dr. Schacht had seen Hitler just before his departure from Germany made his remarks doubly authoritative. The general atmosphere surrounding all of Dr. Schacht's conversations with King Leopold, Belgian officials and Belgian business-men was very cordial.

In his conversation with Mr. van Zeeland, Dr. Schacht told the Belgian Prime Minister that he was very glad that he had accepted the invitation of Great Britain and France to undertake an investigation of the possibility of removing trade barriers.¹³ Dr. Schacht expressed the hope that in his report Mr. van Zeeland will not recommend the calling of another World Economic and Financial Conference as he fears that it might again result in a fiasco—perhaps even greater than that of London in 1933.¹⁴ Dr. Schacht said that he believed that on the other hand a smaller meeting of statesmen and/or experts of 5 or 6 leading countries after adequate preparation through a previous exchange of views might be helpful in bringing about a lowering of trade barriers.

Dr. Schacht informed Mr. van Zeeland that Germany will do everything possible to collaborate in the lowering of trade barriers. Dr.

¹⁰ Copy transmitted to the Department by the Ambassador in Belgium in his despatch No. 1227, April 22; received May 1.

¹¹ Hjalmar Schacht, German Minister of Economic Affairs and President of the Reichsbank.

¹² Leopold III, King of the Belgians.

¹³ See pp. 671 ff.

¹⁴ See *Foreign Relations*, 1933, vol. I, pp. 452 ff.

Schacht declared that the present German autarchy is not the result of free choice but rather of developments over which Germany had no control and that Germany will return to a policy of economic collaboration if the necessary conditions of security can be established. The principal stumbling blocks to German collaboration are:

- 1) Debts.
- 2) Raw materials and the colonial question. The return of all of Germany's former colonies is claimed in principle, but the German Government would be quite willing to negotiate on this point. The difficulty of obtaining a return of German East Africa on account of the objections of British farmers and of German South West Africa on account of the objections of the Boers is recognized in Germany, but no reason is perceived in the Reich why some of the former Colonies such as Togoland and the Kamerun could not be restored. If the Colonies were returned to Germany, the latter would insist on conditions of complete sovereignty and the circulation of German money in the restored colonial territory.
- 3) Customs barriers.
- 4) Monetary stabilization.

In both his conversations with the King and Mr. van Zeeland, Dr. Schacht renewed Hitler's assurances that Germany is prepared to guarantee the independence of Belgium. Dr. Schacht was informed by Belgian officials that the latter are very anxious that the independence of Holland should also be guaranteed by Germany. In this connection, the Netherland Minister for Foreign Affairs has indicated both to the German Government and in a public speech about three weeks ago that the Netherland Government has no objection to unilateral guarantees offered to Holland, provided that the latter is not called upon to undertake any commitments.

In the case of Belgium, the German Government wants to obtain an undertaking from the Belgian Government that Belgium will not permit its territory to be used under any circumstances as a "passage" for foreign troops seeking to invade Germany. In this connection, Belgian officials have informed the German Government that Belgium does not consider itself obligated under Article 16 of the League Covenant¹⁵ to allow foreign troops to pass through Belgium to attack any country which is contiguous to Belgium.

Dr. Schacht informed Mr. van Zeeland that the German Government would be prepared to participate again in the work of the League of Nations on two conditions: first, a dissociation of the Covenant of the League from the Treaty of Versailles;¹⁶ and, second, an abandonment of the present policy of sanctions which involves the idea of a superstate. (The Embassy's informant at the German

¹⁵ *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, p. 69.

¹⁶ Signed June 28, 1919, *ibid.*, p. 57.

Legation likened the policy of Germany in its attitude toward the League of Nations to the policy of the United States.)

L[OUIE] S[USSDORFF]

640.0031/113

The Minister in the Netherlands (Emmet) to the Secretary of State

No. 722

THE HAGUE, April 19, 1937.

[Received April 27.]

SIR: I have the honor to report that the Conference of the "Oslo" states which has been taking place in Brussels concluded on Saturday with an agreement on the part of the delegates to make various concessions in the matter of quotas and licenses, as well as tariff reductions, with a view to the elimination of various existing trade barriers. Although the results have not been published and are kept secret, I am reliably informed that certain real concessions were made. The results of the Conference, however, were hardly more than recommendations in that they must be referred to the various nations involved for approval and it was agreed that a further Conference would be held in The Hague at the end of May for the purpose of ratifying the proposals and recommendations of the Brussels Conference after the same have been considered by the respective Governments.

I gather from what I have heard that the spirit shown was all in the direction of economic progress along the lines laid down by Secretary Hull. Although the results are probably not of great magnitude, nevertheless I am informed that the framework has been laid for further Conferences and that it is hoped that the results will be enlarged and developed as time goes on.

Respectfully yours,

GRENVILLE T. EMMET

600.0031 World Program/102

The Ambassador in Belgium (Morris) to the Secretary of State

No. 1227-A

BRUSSELS, April 22, 1937.

[Received May 1.]

SIR: I have the honor to refer to my telegram No. 24 of April 15, 6 p. m., 1937,¹⁷ summarizing a conversation which I had with the Belgian Prime Minister, Mr. van Zeeland, on that day, and to submit herewith a few additional observations in connection with my call.

Upon greeting the Prime Minister, I offered him, in accordance

¹⁷ *Ante*, p. 674.

with telegraphic instruction No. 15 of April 13, 1937, 7 p. m.,¹⁸ your personal congratulations upon the results of his recent election and also informed him that I had reason to feel sure you were awaiting with interest any report that I might submit with regard to his investigation concerning the possibilities of reducing obstacles to international commerce. The Prime Minister expressed his appreciation of your message and asked that I send you his thanks which he hopes to convey to you himself in June.

Because of the fact that he had just finished an exacting election campaign, I felt it advisable to make my interview as direct and brief as possible. I therefore limited myself to a few definite questions, the answers to which were succinctly stated in my telegram under reference.

Of course his "investigation" will necessarily include discussions with high officials and technical advisors in key countries, and it is because of this fact that I immediately got the impression he wished to see you and the President personally before reaching any final decision. He emphasized strongly and repeatedly that unless the several countries interested hold the same opinions on the general subject matter and the chances for a successful conference are good, he will not advise calling one. Furthermore, every particular point he brings up for discussion or otherwise and on which there is not general agreement, he will not only not press but quietly drop.

Referring especially to currency stabilization, he stressed that he would by no means exclude it, but on the other hand he was equally insistent that he would not necessarily include it; also that he would treat it like any other question and drop it unless there was evidence of possible accord. In other words, the scope of his recommendations would depend entirely upon the results of his "investigation" by which I gathered that if he felt there was insufficient agreement, he would then advise against any conference.

In conclusion, it may be mentioned that Mr. van Zeeland plans to call upon experts without limitation as to their nationality and that, according to a communiqué issued by the Agence Belga (Brussels semi-official news agency) subsequent to my call, Mr. Maurice Frère, a Belgian who was formerly the Counselor of the National Bank of Austria, has been designated by Mr. van Zeeland to conduct the preliminary investigations. The communiqué adds that Mr. Frère has already been to London where he exchanged views with Sir Frederick Leith-Ross and representatives of the Foreign Office, the Treasury and the Board of Trade, and that he would begin similar consultations in Paris on April 19, 1937.

Respectfully yours,

DAVE H. MORRIS

¹⁸ Not printed.

600.0031 World Program/104

*Memorandum by the Vice Consul at Geneva (Thompson)*¹⁹

[GENEVA, April 26, 1937.]

In the course of a recent conversation with Mr. Charron²⁰ of the Financial Section, he told me he had just had a telephone conversation with Mr. Maurice Frère who was in Paris. It will be recalled that Mr. Frère has been appointed by Mr. van Zeeland to assist him in carrying out his mission to investigate the possibilities of securing a reduction of the barriers to international trade.²¹ According to Mr. Charron, Mr. Frère was not present at the conversation between Mr. van Zeeland and Dr. Schacht but had examined the minutes of the meeting. He informed Mr. Charron that Dr. Schacht had stated unequivocally that Germany was anxious to abandon her policy of economic isolation and to restore normal financial and economic relationships with the rest of the world.²² He said, furthermore, that the whole tenor of the conversation was that Dr. Schacht was sincere and that Germany was prepared fully to contribute her part in any international effort. The implication was that this would include political concessions although this question was not specifically raised and there is, of course, the question as to what extent Dr. Schacht represents German policy.

Mr. Frère said that Dr. Schacht had warmly urged him to come to Berlin and to remain as long as possible, and that he had promised him every facility for his work. Moreover, he was told that he would be given complete information on any subject he desired. Mr. Frère said he was, in fact, soon leaving Paris for Berlin and that after his visit there he intended to go to Rome.

Both Mr. Frère and Mr. Charron were inclined to believe that Germany was sincere in her wish to join in international economic cooperation. Mr. Charron mentioned some of the factors which he personally believed had caused this development. The German rearmament program would soon have to be slowed down and unless foreign trade could be revived other industries could not absorb the great number of workers who would be thrown out of employment. The rise in world prices, particularly of raw materials, was having a serious effect on German economy. Furthermore, he pointed out that it was becoming increasingly difficult for her to obtain supplies from central and southern Europe. This was true not only because of

¹⁹ Copy transmitted to the Department by the Consul at Geneva in his despatch No. 2110 Political, April 26; received May 5.

²⁰ French member of the Financial Section of the League of Nations Secretariat.

²¹ See pp. 671 ff.

²² See memorandum dated April 17, from the Counselor of Embassy in Belgium, p. 832.

the fact that with the rise in prices these countries were finding other markets, but also because they had very large stocks of industrial goods which they had taken from Germany through clearing arrangements and they were not in a position to absorb much more. Another very important factor in Mr. Charron's opinion was that these countries had recently found that many of the German munitions and other goods which they had purchased were inferior or faulty due in some cases to the widespread use of substitute raw materials in Germany.

Mr. Charron said that in spite of the favorable attitude of Germany and France, Mr. Frère was inclined to be pessimistic respecting the outcome of the van Zeeland mission largely because of the attitude of London. His visit to London had not been encouraging and he thought the British were unlikely to be helpful. Mr. Charron said he was of the same opinion and he pointed out that the main economic problems of the world today arose from the economic autarchy of Germany and from what might be called the imperial autarchy of the British Empire. Although he did not believe that Germany should be given assistance in the absence of political guarantees, he thought that both Germany and France were prepared to go a long way in making concessions. The British, in his opinion, were making a mistake, for although the present French Government desired to follow a liberal economic policy, it needed international action as an excuse for doing so. If such international action were not forthcoming the movement in France for a protective policy, which was already very strong, might become predominant.

600.0031 World Program/120

Memorandum by the Secretary of State

[WASHINGTON,] May 15, 1937.

The new German Ambassador, Dr. Dieckhoff, came in to pay his respects, he having landed yesterday in the United States. I proceeded in the usual manner to welcome him and to offer him our wholehearted cooperation within his functions and ours at any and all times.

The Ambassador was slightly averse to any comment on world conditions, or even European conditions. I rather briefly made reference to the confused and rather chaotic economic, political, and social conditions in many parts of the world, and to the interest which every important country must of necessity have in the solution and the remedy of these conditions. I said that in Europe, after eighteen years, the only foundation for the restoration of interna-

tional order and the normal relationships between nations were the narrowest, cut-throat, trouble-breeding methods of trade and a wild run-away race in armaments; that this was the sum total of accomplishment in the direction of world rehabilitation so far as Europe was concerned. I remarked further that to show the wide diversity of the views and attitude of statesmen after eighteen years of opportunity, as stated, to grapple with the important list of difficulties and problems involved in general rehabilitation, a distinguished statesman would come into my office this week and insist that disarmament must first be singled out and effected before attacking the general group of problems, whereas the next week an equally distinguished statesman would call and insist that monetary and exchange stability must be singled out and disposed of as a condition precedent; that another would insist that debts must be singled out and settled first; and still another would say that economic rehabilitation must be the central point along with monetary stability in any practicable program of recovery. I then suggested that while the European problems were vastly more difficult and extensive than those of this hemisphere, we had nevertheless dealt with a similar miniature situation, if I might so describe it, in a way and to an extent which we felt was encouraging to statesmen in other parts of the world, as well as ourselves. I detailed the movement then, beginning with Montevideo and ending with the Buenos Aires conferences. The conclusion I emphasized was that no other government or statesman was offering a broad or basic program for general recovery and restoration; that this program was now being universally accepted as sound and timely and comprehensive; that it was difficult at this late, confused, and chaotic stage to single out one of the problems and determine it,—at least one reason being that each important country desired to single out a different problem; that instead, therefore, it was manifest that the nations should visualize the entire group of problems and remedies and make these remedies their general and ultimate and major objective and preach the program involved and practice it as rapidly as circumstances would at all permit,—that this course alone seemed to be most feasible, and that in any event it should not be too severely criticised unless an alternative program of a superior nature was at the same time suggested.

The Ambassador did not undertake to argue, but from time to time expressed his entire agreement with what I was saying. He emphasized the encouraging note of our Pan American movement and accomplishments.

C[ORDELL] H[ULL]

740.00/182

Memorandum by the Under Secretary of State (Welles)

[WASHINGTON,] May 27, 1937.

The Turkish Ambassador made a courtesy call upon me this afternoon. After the preliminaries had been concluded, the Ambassador asked me what my impressions were of the world situation and whether I shared his belief that no outbreak of war in Europe was imminent in the near future. I told the Ambassador that it was of course difficult to assume to make any prophecies in view of the many complexities in the situation but that I hoped and believed that his estimate was accurate and that I individually felt increasing ground for optimism during recent weeks. The Ambassador then commented upon the Mussolini interview²³ and I said to him that it had given me very great satisfaction to be able to voice the encouragement which this Government had been afforded by the public declaration made by the head of the Italian Government that he shared and supported the policy of the United States in moving towards an elimination of trade barriers for the restoration of world trade as an indispensable prerequisite to the assurance of world peace. I said that we had all been greatly encouraged in recent months by statements in the same sense made by responsible officials of foreign governments and that I felt that an increasing number of statements of this character made by the heads of the world powers would have a highly salutary effect. I added that it seemed to me that all responsible statesmen today would have to recognize the full measure of their responsibilities and that all governments must publicly announce their belief in the necessity of the reduction of economic and military armament in order that a proper psychology might be created which would result in practical and effective measures towards those ends.

The Ambassador said that he was entirely in accord and that he believed that his Government would share his point of view.

S[UMNER] W[ELLES]

640.0031/117: Telegram

The Minister in the Netherlands (Emmet) to the Secretary of State

THE HAGUE, May 29, 1937—1 p. m.

[Received May 29—10:45 a. m.]

43. Convention between Oslo states signed yesterday²⁴ comes into force July 1st runs for 1 year. Belgium, Luxembourg, the Nether-

²³ See telegram No. 244, May 25, noon, from the Ambassador in Italy, p. 655.

²⁴ League of Nations Treaty Series, vol. CLXXX, p. 5.

lands, Denmark, Sweden, Norway and Finland in order to improve economic relations by taking common action agree to the gradual reduction of trade barriers and the abolition of crisis measures. Belgium, Luxembourg and the Netherlands agree to admit without import restrictions other than tariffs a specified list of goods originating in and imported from the signatory states and to grant all the authorizations which may be asked for goods for which import permits are required. They also agree not to impose any fresh barriers to trade. Denmark, Finland, Norway, Sweden and Dutch East Indies agree not to raise their tariffs against any of the signatory powers and not to introduce new trade restrictions with respect to articles on another list. Any new measures for restricting trade must first be discussed with other signatory powers. Governments concerned agree to examine all proposals tending to end abnormal competitive practices in foreign trade thus opening the door to the reconsideration of the most favored nation clause in the light of dumping carried out by certain countries.

EMMET

640.0081/133

*Memorandum by the Economic Adviser (Feis) to the Secretary
of State*

[WASHINGTON,] June 19, 1937.

Mr. SECRETARY: We have finally received the text of the new Convention between the Oslo States. A study of it seems to indicate that some of the apprehensions expressed in regard to it are unfounded. It may be summarized as follows:

(1) Belgium, Luxemburg and the Netherlands agree to impose no quantitative restrictions on a designated list of goods coming from territories of the signatory states and not to raise duties on these goods.

(2) Denmark, Finland, Norway, the Netherlands (for the Netherlands Indies) and Sweden agree not to raise duties on another list of designated commodities and not to impose any quantitative restrictions on commodities in this list which are now free of such restrictions.

(3) Nothing is said in the Agreement regarding the generalization of these arrangements. However, trade agreements rarely do. Our own reciprocal agreements contain no mention of generalization procedure. This multilateral accord on the other hand in no way restricts the right of any country to generalize this treatment. The only announcement on this subject is that coming from the Netherlands to the effect that it will generalize to Germany, Great Britain and the United States and in practice will probably withhold import licenses for products coming from non-signatory nations only to prevent dumping.

I assume that some countries may withhold these concessions in states whose treatment of their commerce is regarded as discriminatory or unsatisfactory—a policy which may very well be justified.

It is to be noted that Article 6 furthermore provides:

“All States which did not sign the present Arrangement may adhere to it in conformity with the terms of an agreement to be reached to this effect between the latter and the other States which are already parties to the Arrangement.”

This is a method in accord with the principles advanced by the American Government at London and at Montevideo.

(4) On two points the Convention carries out ideas this Department has long regarded as being highly desirable.

(a) An agreement that with respect to preference given national products in governmental purchases, the governments will study present practices, and (b) they will give advance notice to each other of changes in their tariffs.

(5) One article the nature of which is somewhat obscure is the first half of Article 5: “The Governments of the signatory states have agreed to examine in common all measures susceptible of putting an end to practices of abnormal competition in foreign commerce interesting their country.” Wisely guided this concerted action might be used to discourage certain present forms of bilateral or blocked currency arrangements that do stimulate abnormal competition, and create disadvantages for countries trying to encourage the flow of trade on ordinary economic lines. It may be, however, that the signatory states have in mind protection against subsidies and dumping.

In summary, the Convention would seem to deserve our commendation.

H[ERBERT] F[EIS]

600.0031 World Program/147

The Secretary of State to Diplomatic and Consular Officers

Diplomatic Serial No. 2807

WASHINGTON, July 6, 1937.

SIRS: I wish to convey to you the present attitude and anticipations of the Department in regard to the international economic program of our Government, and to suggest that you use opportunities, as they may arise, to see that it is clearly understood, and to endeavor to impress the responsible officials of the Governments of the countries to which you are assigned, as well as other interested and influential persons, with the soundness, importance and desirability of all countries embracing similar programs to bring about economic rehabilitation and thus lay a firm foundation for durable peace.

The program developed around the central idea that many of the economic difficulties of every country have arisen as a result of the great decline of international commerce, and the growth of restrictions upon that commerce. Upon a flourishing world commerce the livelihood of many sections of the population in every country is directly dependent; when that commerce greatly declined, the economic condition of these groups correspondingly grew worse. The reduction in the income of these groups, and the resultant direct unemployment created many other economic troubles in other branches of production in every country. The general result was vastly lowered production, unemployment, and greatly increased budget deficits despite taxation growing ever more burdensome. Furthermore, even as the decline in trade in those commodities which customarily move in large volume into world markets brought about a great fall in their prices and in the income of their producers, the indirect effects within each country likewise depressed prices, thereby in turn causing general depression.

In attempts to deal with these difficulties, country after country resorted to further measures of trade and monetary restriction which while perhaps easing the situation in some particular direction, accentuated it in others. Furthermore, as a result of the character of some of the new trade-control measures, trade itself has been diverted from the lines of natural economic benefit to forced bilateral lines; it does not therefore to the same extent contribute to the improvement of economic conditions.

Despite some recent progress in the lowering of trade restrictions and a very extensive growth in production throughout the world, the improvement in international trade has lagged and remained unsatisfactory. It is essential that the effort to bring about a lowering of trade restrictions be carried on with greater vigor than ever before, also that the restrictive type of exclusive and artificial bilateral arrangement be gradually modified so that trade can again freely develop along lines of economic benefit. If this can be achieved, the increase in trade will create an expansion in the economic life of all countries corresponding to the great destruction which resulted from the interruption of trade. It will restore employment, and lead to improved and better-balanced prices, to more stable world markets, and to improved public finances.

This can be accomplished, I am convinced, without seriously disturbing any economically important branches of production in any country. It must be done gradually and with due care at every stage. Naturally all countries will wish to retain reasonable and moderate restrictions; but many of the present restrictions are excessive and unreasonable. Further, it must be remembered that the longer na-

tional economies shape themselves up behind the vast and intricate series of restrictions, and the greater the dependence of the economic structure in each country upon these restrictions, the more difficult does the task of reducing these restrictions become. Hence while in the execution of the program patience and moderation is essential, to begin to make real headway everywhere at once seems to be imperative.

The methods by which this course can be successfully applied as a world program are several. Up to the present I believe I am safe in saying that the method which the Government of the United States has been using, and the principles which have guided its policy have proven as practical as any available, and the record of their use shows substantial achievement. That method is the negotiation of agreements between countries embodying reductions of specific restrictions, exchanging mutual pledges to the effect that specified rates and other types of restrictions shall be the maximum applied, exchanging pledges of unconditional most-favored-nation treatment, and furthermore, in accordance with the principle of equality of treatment, generalizing to third countries concessions granted under the agreements. Such agreements and the generalization of their benefits to third countries which do not pursue discriminatory trade policies result not only in the reduction of obstacles facing the direct trade between pairs of countries but also in a widening circle of lowered trade restrictions. If the important trading countries of the world would concurrently develop their policy along these or similar lines, it would speedily come about that the whole system of restrictions would be substantially modified.

Furthermore, if this policy obtains headway, it will in its course enable many countries to give up completely types of restrictions that arise primarily from anxiety regarding their ability to meet their payments for foreign goods, or which seem necessary because of exchange controls existing elsewhere, or for similar reasons. I refer to such controls and systems of trade arrangements as quotas, regulation of foreign exchanges, clearing and compensation agreements. Further enlarging volume of world trade under improving price conditions may change the disposition of countries, based on necessity or otherwise, to supervise their trade on closely restrictive lines of bilateral balancing.

I realize that the obstacles to the achievement of this program are not solely economic. In a substantial number of countries today, trade policies are being dominated by political considerations. Calculations of economic welfare are being definitely subordinated in some instances (*a*) to assure the execution of armament programs, (*b*) to direct trade in a way that it is hoped will cement political relations, (*c*) to divert trade from those who are potential enemies. In the

trade policy of the country to which you are assigned you may recognize some or all of these tendencies. I do not believe that the existence of these difficulties should be permitted to slow up or discourage the attempt to develop this economic program. Growing appreciation of the economic possibilities may induce governments to modify political policies which frustrate economic improvement. It may stimulate the wish to find the terms of political agreement. It may happen that economic counterweights can be used to bring about adjustments in the political field that otherwise would be impossible.

Further, it will not have escaped you that an enlarged proportion of even the reduced volume of international trade today is in materials of war or raw materials important in the development of armaments or for the conduct of war. This is of course the least desirable form of international trade, not only because of its ultimate import but also because of the fact that in its very nature it cannot be permanent, and its diminution will in turn create economic problems. The rate at which many countries are diverting their man power and their productive energy into the armament field, and the consequent problems of public finance that result, indicate that the current rise in armaments cannot be indefinitely carried on.

Through every source of persuasion and in every act of policy, within the limits of our established independent foreign policy, this Government is exerting itself in the effort to safeguard against having the armament race eventuate into catastrophic war. Barring such a calamitous event, the constant increase in armament must be halted either by agreement or merely by exhaustion and mutual consent. I think that the maintenance of the most zealous insistence and emphasis upon economic questions may serve to bring nearer the time when the armament race can be halted. It should serve to awaken and to strengthen all of those in every country who are aware of the terrible sacrifices being required for armament. When and if a promising opportunity comes to bring about a halt thereon by agreement, I hope this Government will be able to share in the leadership of that move. The development of international trade of a more normal character will serve to replace the ominous trade in war materials that has been growing in importance.

The horrible destructiveness of modern warfare is another reason why the world must not be permitted further to habituate itself to the thought that war is inevitable. We can avoid such habituation by recalling both by word and action the possibilities of the advancement of both individuals and nations through peaceful economic interchange. Governments which really desire peace can find in this program an instrument for greatly improving the chances of assurance. This they can do without at any time weakening unwisely their

power to defend themselves against any who may threaten. Certainly, today in a world which appears so largely to have resigned itself to the idea that there is no basis of trust between nations, it is extremely urgent that some program be advanced with the utmost of energy that will bring nations together for their mutual benefit.

Each of you can contribute to the success of the program I have outlined by interpreting to influential persons with whom you come in contact and who desire information upon the subject the considerations set forth above.

Very truly yours,

CORDELL HULL

STATUS OF INTERGOVERNMENTAL DEBTS OWED THE UNITED STATES BY REASON OF THE FIRST WORLD WAR¹

[For exchanges of correspondence in connection with amounts due the United States under arrangements effected by the World War Foreign Debt Commission, see Department of State, *Press Releases*, as follows:

Belgium: June 19, 1937, page 424; December 18, 1937, page 462.

Czechoslovakia: June 19, 1937, page 426; December 18, 1937, page 469.

Estonia: June 19, 1937, page 440.

Finland: May 29, 1937, page 385; December 11, 1937, page 431.

France: June 19, 1937, page 432; December 11, 1937, page 433.

Hungary: June 19, 1937, page 434; August 28, 1937, page 177; December 18, 1937, page 463.

Italy: June 19, 1937, page 422; December 18, 1937, page 458.

Latvia: June 5, 1937, page 392; December 18, 1937, page 465.

Lithuania: June 19, 1937, page 428; December 18, 1937, page 467.

Poland: June 19, 1937, page 436; December 11, 1937, page 435.

Rumania: June 19, 1937, page 430; December 18, 1937, page 471.

United Kingdom (Great Britain): June 19, 1937, page 438; December 11, 1937, page 437.

Yugoslavia: June 12, 1937, page 407; December 18, 1937, page 460.

Certain portions of the above intergovernmental correspondence are also printed in the *Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1937* (Washington, Government Printing Office, 1937), pages 271 ff., and *ibid.*, 1938, pages 285 ff.; see also *ibid.*, 1937, page 74, and *ibid.*, 1938, page 78, "Obligations of foreign governments."]

CZECHOSLOVAKIA

800.51W89 Czechoslovakia/278

Memorandum by the Under Secretary of State (Welles)

[WASHINGTON,] December 15, 1937.

The Minister of Czechoslovakia called this morning. He told me when he entered the room that I undoubtedly knew what he was

¹ Continued from *Foreign Relations*, 1936, vol. I, p. 566.

coming for and thereupon presented to me the note attached herewith,² in which his Government states that it is not in a position as yet to resume its debt payments to the United States.

The Minister stated, however, that his Government for some months past had been hoping that this further default would not take place and had been considering the ways and means of reaching a satisfactory agreement with the United States. He said he thought that unless the internal situation in Czechoslovakia became worse, the Government of Czechoslovakia could undoubtedly discuss an agreement with the United States before next June. He asked if we would be prepared to listen to what his Government had to say. I said that of course, as we had officially advised his Government, we would be happy at any time to listen to any representations which Czechoslovakia might desire to make in this regard.

S[UMNER] W[ELLES]

ESTONIA

800.51W89 Estonia/144

The Chargé in Estonia (Carlson) to the Secretary of State

No. 96 (Diplomatic)

TALLINN, January 18, 1937.

[Received February 9.]

SIR: I have the honor to refer to the Department's instruction to the Tallinn Legation dated June 17, 1936, (No. 60)³ and to previous correspondence between the Department and the Tallinn Legation regarding the failure of Estonia to make payments on its indebtedness to the United States under the United States-Estonian debt funding agreement of October 28, 1925.⁴

At the same time reference is likewise made to the Legation's despatch No. 89 (Diplomatic) of January 12, 1937,⁵ reporting a conversation between the writer and General Johan Laidoner, the Commander in Chief of the Estonian Armed Forces. In the foregoing despatch General Laidoner was reported as having said that there was no reason for Estonia to be concerned about the negative status of Estonia's commodity exchanges with the United States, since, in his opinion, an excess of imports from the United States might eventually be given consideration in the settlement of Estonia's outstanding debt obligation to that country.

² See references to Department of State, *Press Releases*, under Czechoslovakia, p. 846.

³ Not printed. See Department of State, *Press Releases*, June 13, 1936, p. 589.

⁴ *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, p. 208.

⁵ Not printed.

The writer was very much interested to hear views on the foregoing subject of practically the same kind as those of General Laidoner expressed in a conversation which he had recently with Mr. Nicolai Kaasik, the Director of the Political Bureau of the Estonian Foreign Office.

Mr. Kaasik intimated that the question of Estonia's debt to the United States had been discussed by the Estonian Government not long ago. He said that in this discussion there had been sentiment favoring the resumption of negotiations with the United States Government on the foregoing subject. It had been pointed out that Estonia's finances were now in a better position and that Estonia might possibly be in a position to make a debt settlement proposal of some kind to the United States. The opinion had, however, been expressed that in the negotiations Estonia must take the standpoint that it had already paid a large part of its debt to the United States through Estonia's excess of imports from the United States over a long period of years.

Mr. Kaasik said that the question of Estonia's debt to the United States had been postponed for the time being because of the present unfavorable European political and economic situations. It was his belief, however, that the subject would again be taken up by the Estonian Government in the not too distant future.

The writer told Mr. Kaasik that he was not in a position to make any comments on the subject of Estonia's debt payments to the United States, other than that he felt certain that the resumption by Estonia of payments under the terms of the United States-Estonian debt funding agreement would unquestionably be welcomed by the Government of the United States.

Respectfully yours,

HARRY E. CARLSON

FRANCE

740.00/118: Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, February 23, 1937—9 p. m.

[Received 9:50 p. m.]

263. Continuing my 262, February 23, 8 p. m., Section 3.⁶ I asked Blum ⁷ if he was satisfied with the general attitude of the United States at the present time. He said that he desired me to thank the President on his behalf most profoundly for the general support which his whole

⁶ For section 1 and 2, numbered as telegram 261-262, February 23, 7 p. m., see p. 54.

⁷ Léon Blum, President of the French Council of Ministers.

line of political activity was giving to the forces of democracy in France.

He then asked if it might not be possible for France to get some sort of a loan in the United States.

I told him that in my opinion and in the opinion of my Government any sort of a loan was excluded absolutely by the Johnson Act.⁸ He asked what would be the situation if France should make a debt settlement so that the Johnson Act would not come into play. I said that I could not give him an expert opinion on this subject but that I had talked recently with one of the partners of Morgan and Company who had said that in case France should pay her debt to the United States, a French loan in the United States would present an entirely different aspect.

Blum then said that he did not consider a debt settlement impossible. He had given Bonnet⁹ no instructions to try to make a debt settlement but only to try to develop further the existing trade agreement¹⁰ and the general collaboration between England, France, and the United States. Nevertheless, he believed that it ought to be possible to make a debt settlement in the near future.

I said that he must realize that the position of our Congress was extremely stiff and that I did not believe he could persuade the French Senate and the Chamber of Deputies to accept any settlement which would be acceptable to our Congress. He said that on the contrary he was confident that the French Parliament was beginning to realize that the existing danger of war in Europe made it absolutely essential to do everything possible to have the goodwill of the United States. He believed he could get through the French Chamber of Deputies and Senate a proposal for debt settlement which, by spreading out payments over a very large number of years, would satisfy our Congress. He said that he could not make a settlement which on its face would be illusory; he could not make a settlement which everyone would know surpassed France's ability to acquire foreign exchange but he believed he could now get through the Senate and the Chamber of Deputies a serious debt settlement.

I then asked him if he had anything further to suggest in the present situation. He said that if the Germans should come to realize that their speculations on disorders in France were doomed to failure he believed that the moment would arrive when it would be possible to move with hopes of success in the field of limitation of armaments and he hoped that at that time he would have the support of the President and our Government.

⁸ "An Act to prohibit transactions with any foreign government in default on its obligations to the United States", approved April 13, 1934; 48 Stat. 574.

⁹ Georges Bonnet, French Ambassador in the United States.

¹⁰ See *Foreign Relations*, 1936, vol. II, pp. 85 ff.

I replied that I was certain that at any time which appeared propitious to us we would cooperate fully in a movement for limitation of armaments.

Before I left, Blum again expressed his great gratitude for the general attitude of the Government of the United States. He said that he felt that America alone of the great powers was genuinely interested in the same policies that he was trying to put through. The British Government was working with him wholeheartedly and sincerely in certain fields but because it was a conservative Government it disapproved highly of his domestic policy and the sympathy he received from London was therefore halfhearted. Moreover, the British Government was always somewhat reluctant to see France and Germany begin to approach each other. He, therefore, counted greatly on our goodwill for the preservation of peace in Europe.

BULLITT

HUNGARY

800.51W89 Hungary/158

The Secretary of State to President Roosevelt

WASHINGTON, August 25, 1937.

MY DEAR MR. PRESIDENT: I submit herewith a note from the Hungarian Chargé d'Affaires, a reply drafted for my signature, and a draft press release,¹¹ regarding an offer of the Hungarian Government to make payments during the next three years on account of its indebtedness to the United States Government.

The proposed payments of a little less than \$10,000 every six months are small but are about twenty-five percent of the amounts falling due semi-annually. The United States Government loan had originally a first lien on all the assets and revenues of Hungary, but was subordinated in 1924 to the Hungarian Reconstruction Loan issued that year, on which Hungary has for some years paid fifty percent and will hereafter pay sixty percent of the face value of the coupons. There are some \$30,000,000 of Hungarian Treasury bills of 1930 and 1931 outstanding in the United States and other countries on which Hungary proposes for the next three years to pay one and one-half percent interest and one and one-half percent sinking fund to be used only when the Treasury bills can be bought below forty-five. There are also prewar obligations, the capital amount of which was reduced to twenty-seven or thirty-two percent of original amounts some years ago and Hungary proposes to pay interest of one and one-fourth percent on these amounts. Other adjustments cover the whole field

¹¹ See references to Department of State, *Press Releases*, under Hungary, p. 846.

of Hungarian private debts to foreigners. Together they provisionally liquidate the Hungarian transfer moratorium. The Hungarian proposals to other creditors are to be in full satisfaction of the creditors' claims during the next three years. The proposal to the United States Government is for payments on account. The Hungarian proposals to other creditors have all been announced and may be regarded as having been accepted by the creditors in general and being now in effect.

As stated in the draft press release, the payments which would be received under the Hungarian proposals would represent the first resumption of payment or partial payment by any Government which has entirely suspended payment of its funded indebtedness to the United States. If you approve,¹² it is proposed to issue the correspondence to the press with the explanatory press release.

The Acting Secretary of the Treasury, Mr. Taylor, is ready to offer any further information you may wish on the matter.

Faithfully yours,

CORDELL HULL

800.51W89 Hungary/170

Memorandum by the Assistant Adviser on International Economic Affairs (Livesey)

[WASHINGTON,] December 9, 1937.

The Hungarian Minister has authority to propose to the United States to refund the indebtedness of the Hungarian Government on the basis of fifty annuities of 2% of the principal amount of the debt, without interest.

On the other hand, the Hungarian Government is perturbed about the execution of its proposal of August 16, 1937 to pay the United States \$19,656.32 annually over a period of three years in semi-annual installments of \$9,828.16, the first payment to be made on December 15, 1937 and the last to be made on June 15, 1940. This three-year proposal was to pay annually \$19,656.32, "representing 1% of the principal amount of \$1,965,632.75 due under the debt funding and moratorium agreements" (the principal amount of the Hungarian debt as funded in the Agreement of April 25, 1924 was \$1,939,000, of which there is at present unpaid \$1,908,560, so that the Hungarian figure of \$1,965,632.75 is incorrect). The Hungarian note of August 16 contained the following paragraph:

"The Hungarian Government would leave to the discretion of the American Government what portion of the proposed payment should

¹² Marginal notation: "C. H. OK F. D. R."

be applied to the interests and what portion to the principal. However, if it is in any way possible, the Hungarian Government would like to have 25 per centum, i. e., \$4,914.08, of the proposed payment applied on account of the interest due in the respective period, and the remaining 75 per centum to the amortization of the principal, with the understanding that the whole question of the application of payments to principal and interest will be considered in any eventual subsequent negotiations for the settlement of the debt."

The State Department's note of August 26, 1937 replying to this proposal transmitted a notification from the Secretary of the Treasury reading in part as follows :

"The Hungarian Government should be informed that the Treasury Department will receive the semiannual payments contemplated under its proposal. The Hungarian Government states that it will leave to the discretion of the American Government what portion of the proposed payments should be applied to interest and what portion to principal. Under all the circumstances the Treasury Department feels that the proposed payments should be applied entirely to interest, and, therefore, pursuant to the offer of the Hungarian Government will apply such payments accordingly. The Hungarian Government should, however, be informed that the acceptance of such payments by the Treasury for application on account of its indebtedness to the United States can not be construed as a concurrence in the proposal of the Hungarian Government as to suspension of payments previously due, nor in any way alter the provisions of its Debt Funding Agreement of April 25, 1924, and Moratorium Agreement of May 27, 1932, with the United States or prejudice the rights of the United States Government."

The Hungarian Government has been and is negotiating debt readjustments with holders of Hungarian foreign bonds of various issues, including pre-war bonds. In these adjustments, which provide for reduced payments on coupons over a three-year period and for a sinking fund which may be used to redeem bonds purchased by tender in the open market and therefore at prices far below par, the Hungarian proposals contemplate that the partial interest payments shall be accepted in full discharge of the coupons to which they apply. Under the terms of the Department's note of August 26, 1937, the Hungarian payments to the United States are to be applied to interest but do not discharge any obligation in excess of the actual amount paid. While this is the result of the exchange of correspondence with the Hungarian Legation in August 1937, the Hungarian authorities appear to have difficulty in accepting this result.

The Hungarian Minister invited Mr. Feis¹³ and Mr. Livesey to the Legation on the evening of December 8 to discuss this matter with him and with Mr. Eugene Havas, who acts as a financial adviser to

¹³ Herbert Feis, Adviser on International Economic Affairs.

the Hungarian Government and its Legation in Washington, and who actually conducted the discussions in August 1937, acting with Mr. Balásy who was Hungarian Chargé d'Affaires at that time. Both the Hungarian Minister and Mr. Havas have recently returned from visits to Budapest.

The Hungarian Minister inquired whether it might not be possible to make the \$9,828.16 payment contemplated in his August proposal to be made on December 15, 1937 in such a way that it would not be publicly recorded as a mere partial payment against interest. He asked whether the payment could be made in the terms of the Legation's note of August 16, namely, "with the understanding that the whole question of the application of payments to principal and interest will be considered in any eventual subsequent negotiations for the settlement of the debt". If the December 15 payment could be made as a payment on account, the application of which should be determined during negotiations for the settlement of the debt, the Legation's note concerning the payment could state that negotiations for the settlement of the debt have been, or perhaps are about to be, initiated. The Minister asked whether it would be possible to learn before December 15 that the United States is prepared to negotiate and to have the fact of the initiation of such negotiations made public through the Minister's note concerning the payment promised for December 15, 1937.

Mr. Feis said that he would endeavor to discuss the matter as promptly as possible with Mr. Hull and give the Minister an indication as to whether it would be advisable for him to take up the matter formally with Mr. Hull.

The Minister and Mr. Havas also discussed other possible methods of assuring that there be no public statement which bondholders negotiating with the Hungarian Government could use to obtain terms better than the Hungarian Government wants to give them. They were told the press will expect publication of the Department's note of November 20 with the statement of amounts due and payable which accompanies the note, and with the Legation's reply. The Treasury's acknowledgment of receipt of the payment would not ordinarily be published. The Treasury might perhaps issue some statement that it had received the payment. Of course correspondents, who see the possibility of considerable news interest in the Hungarian payment, might inquire at the Treasury as to the disposition which the Treasury makes of the payment. As far as the State Department is concerned, its press releases would not raise any question as to the application of the payment unless the question were raised by the Legation's note given to the press.

At the end of a long evening of discussion, the Minister seemed inclined to think that he might on December 15 bring in a brief note merely stating that pursuant to the Legation's note of August 16, 1937 a payment of \$9,828.16 was being made on that day, by check or by payment to the Federal Reserve Bank of New York, as the case might be. At the same late hour Mr. Havas definitely said that the Minister's authorization to negotiate was an authorization to offer fifty annuities of 2% of the principal amount of the debt. Each annuity would, therefore, be slightly under \$40,000. This compares with the annuities scheduled under the debt agreement of April 25, 1924 which provided for annuities of slightly less than \$68,000 from 1923 to 1932 and for annuities ranging between \$76,000 and \$79,000 from 1933 to 1984. Mr. Havas said that he thought this proposal might be favorably considered by the Congress particularly since settlements on the same basis with the larger debtors of the United States would give very substantial annuities and in fact annuities much larger than the United States is likely to get from these debtors.

The difficulty which the Hungarian Government is raising about the execution of its proposal of August 16 as affected by the Department's reply of August 26 may indicate that Mr. Havas, who is of a youthful and sanguine temperament, may not have kept his Government thoroughly informed of the August discussions, in the course of which part of the note originally submitted August 16 was withdrawn by the Legation and replaced with new text taking into account suggestions made by Mr. Bell of the Treasury and Mr. Livesey. Mr. Havas, at least, thoroughly understood the American position at that time.

800.51W89 Hungary/173

*Memorandum by the Adviser on International Economic Affairs
(Feis)*

[WASHINGTON,] December 21, 1937.

The Financial Attaché of the Hungarian Embassy visited me in order to try to plan for the further discussion of a refunding arrangement for the debt of the Hungarian Government to this Government. He stated that he was acting in accordance with instructions and indications received by him in the past. It will be recalled that during the discussions held between him and the Hungarian Minister regarding the arrangements for the December 15 payment they then advanced the purpose of entering into discussions for a new permanent debt arrangement, and were told that presently this Government would be disposed to consider the matter.

Mr. Havas indicated the terms which the Hungarian Government had in mind were roughly as follows—though he made clear that he had not the authority to commit his Government to anything concrete at this time: (1) Recognition of the principal of the debt; (2) credit against this principal of payments made up to the present by the Hungarian Government; (3) discharge of the remainder in, say, 25 or 30 annuities. This would call for a payment of around \$40,000 a year, approximately double the payment being made under their temporary offer. Under this temporary offer, however, the payments made are merely credited to account, while of course under a new debt funding arrangement they would be in full discharge of the debt. Mr. Havas advanced various reasons as to why this was a fair offer and also stated that if used by us as a basis for other debt negotiations would mean very substantial debt receipts.

I did not attempt to examine the specific ideas very closely, merely indicating a general interest in them and manifesting in general a disposition to encourage later discussions. I explained to him that as he knew, all new debt arrangements would have to be approved by Congress. Further, at this present moment there is a certain unsettled question as to the manner of conducting debt refunding discussions with foreign governments; I did not know for example whether it would be decided it was necessary before such discussions to constitute again some such body as the debt funding commission which has negotiated the original settlements. Furthermore, I pointed out that this of course was a question in which the Treasury Department was likely to have a leading voice and responsibility.

For all these reasons, I asked him to permit the matter to rest until after the first of next year, at which time I would secure consideration for it.

I believe serious attention should be given to the arrangement for such discussions so that they may be properly timed in relation to other matters.

H[ERBERT] F[EIS]

VIEWS OF THE DEPARTMENT OF STATE WITH RESPECT
TO A PROPOSED INTERNATIONAL DEBT COMMISSION

800.51W89/1033

*The Acting Secretary of State to the Chairman of the Senate
Committee on Finance (Harrison)*

WASHINGTON, November 6, 1937.

MY DEAR SENATOR HARRISON: AS requested by your letter of August 21,¹ I submit the following report on S. J. Res. 215, a Joint Resolution creating the International Debt Commission to negotiate with foreign countries concerning their indebtedness to the United States, and for other purposes.²

The Joint Resolution provides for the establishment of a Commission of seven members which shall negotiate with each debtor government a refunding agreement subject to limitations and provisos set forth in Section 4 of the Resolution, with further provision that the indebtedness in the amount thus determined shall be evidenced by bearer bonds which may be sold or exchanged by the United States with a guaranty by the United States of the payment of the principal and of the payment of a portion of the interest. The Resolution further provides that if the President does not approve any proposed settlement, such settlement shall not be reported to the Congress but the Commission shall proceed to negotiate another settlement in lieu thereof and report the same to the President, and continue so to do until a settlement satisfactory to the President shall be negotiated, approved by the President, and reported to the Congress.

The Resolution appears to assume that the Commission to be established under it could by visiting the debtor nations negotiate settlements providing for the issuance of bearer bonds of each debtor maturing not over 100 years from date, under arrangements not reducing the total amount of principal and interest payable under existing agreements of each country with the United States, the bonds to bear interest rates such that with a guaranty of a part thereof by the United States they will be marketable and may be sold or exchanged by the United States at par. Apparently, also, all agreements which the Commission would be authorized to negotiate must

¹ Not printed.

² Introduced August 20, 1937, by Senator George L. Berry of Tennessee; *Congressional Record*, vol. 81, pt. 8, p. 9414.

contain provision for the payment of an annual curtail on the principal amount of the debt beginning not later than five years from the date of enactment of the Resolution.

Without examining into the financial details of the arrangements which the Resolution would authorize the proposed Commission to negotiate, I may call attention to the fact that we periodically remind each debtor government in writing, on the occasion of scheduled payments which fall due once or twice a year, that this Government is fully disposed to discuss, through diplomatic channels, any proposals which the debtor government may desire to put forward in regard to the payment of its indebtedness, and that such proposals would receive careful consideration with a view to eventual submission to the Congress. In reply to these periodic reminders, the respective debtor governments have continued to acknowledge their indebtedness and have taken note of the readiness of the United States Government to discuss any proposals which any debtor may desire to make for the payment of its indebtedness, but have indicated, in varying terms, that they do not believe the time has yet come when they could reopen discussion on the subject under circumstances warranting the hope that a satisfactory result might be reached.

In view of the record I do not perceive what advantages would be obtained by the establishment, at the present time, of the Commission contemplated in the Joint Resolution.

Sincerely yours,

SUMNER WELLES

STATUS OF CERTAIN FOREIGN GOVERNMENTS UNDER
THE JOHNSON ACT WITH REGARD TO OBLIGATIONS
OWED THE UNITED STATES ¹

842.51/670 : Telegram

The Minister in Canada (Armour) to the Secretary of State

OTTAWA, January 27, 1937—noon.

[Received 1:35 p. m.]

11. The press here gives prominence to statement by Canadian Minister of Finance commenting on attack of Senator Ellender ² against sale in New York of Canada's \$85,000,000 refunding bond issue. Dunning denied that Canada has ever been in default in payment of its obligations to the United States and pointed to press announcement of the Secretary of State May 5, 1934,³ quoting Attorney General's opinion that Canada is not to be considered political subdivision of the British Empire within meaning of the Johnson Act.⁴

ARMOUR

842.51/671

Memorandum by the Secretary of State

[WASHINGTON,] January 27, 1937.

The Canadian Minister called, upon his own request, early this morning and presented a cablegram from his Government, of which the attached is a copy.⁵ He said that reports to the effect that under the Johnson Act, Canada, as a member of the British Empire, could not float a loan in the United States, were doing serious injury to the loan now in process of flotation. He requested me to make a statement referring to a former statement of mine of May 5, 1934, to the press, in which I had recited the opinion of the Attorney General, to the effect that the Johnson Act did not apply to Canada and giving my approval of that opinion.

¹ For previous correspondence, see *Foreign Relations*, 1934, vol. 1, pp. 525 ff.

² Allen Joseph Ellender of Louisiana.

³ Department of State, *Press Releases*, May 5, 1934, p. 259.

⁴ 48 Stat. 574.

⁵ Not printed.

I replied that I would be glad to take the Minister's request up sympathetically, refresh myself on the records, and notify him of my intended action. This I proceeded later to do. We had some conversation about the trade agreements situation, especially as it relates to Great Britain, Canada and the United States, in certain of its phases.

C[ORDELL] H[ULL]

842.51/673

Press Release Issued by the Department of State, January 27, 1937

At the press conference at the Department of State today the question was raised by a correspondent as to whether the Johnson Act applies to bonds of the Canadian Government. The Secretary of State replied as follows:

"I can only refer you to my statement of May 5, 1934, in which I quoted the opinion of the Attorney General in which he held that Canada did not come under the operation of the Johnson Act. This Department and all the other Departments of the Government have been carrying on under the authority of that decision ever since it was rendered."

The opinion of the Attorney General of May 5, 1934, read in part as follows:⁶

"It has also been asked whether or not Canada, a member of the commonwealth of nations which compose the British Empire, is to be regarded as a political subdivision of Great Britain. The question should properly be answered in the negative, and this conclusion was suggested in Congress (Cong. Rec., vol. 78, p. 6195 [6052]), but it appears to be immaterial, in view of my conclusion above stated concerning the intention of Congress as applied to the obligations of political subdivisions. Canada, I believe, is not in default."

842.51/672

Memorandum by the Chief of the Division of Western European Affairs (Dunn)

[WASHINGTON,] January 28, 1937.

I called up the Canadian Minister to convey to him your desire to know whether what you said to the press yesterday in connection with Senator Ellender's remarks on the subject of Canada coming under the Johnson Act were satisfactory to the Canadian Government. The Minister said that while he had not seen the copy of the text of the

⁶ 37 Op. Atty. Gen. 512.

remarks he knew about your action and that he could say definitely that the Canadian Government was extremely appreciative of what you had done and that they felt that you had done everything that possibly could have been done by this Government in an effort to offset Senator Ellender's statements. He expressed on behalf of his Government his deep appreciation of your prompt action in this matter and added that the Canadian Government found in its relations with this Government that the United States was always ready most generously and promptly to do anything that could be done for Canada.

I am this morning sending him a transcript of your remarks on the subject.

JAMES CLEMENT DUNN

800.51 Johnson Act/160

The Director of the Registration Division, Securities and Exchange Commission (Bane), to the Secretary of State

WASHINGTON, October 26, 1937.

SIR: Public Act No. 151 of the 73rd Congress, popularly known as the Johnson Act, provides that "it shall be unlawful within the United States or any place subject to the jurisdiction of the United States for any person to purchase or sell the bonds, securities, or other obligations of, any foreign government or political subdivision thereof or any organization or association acting for or on behalf of a foreign government or political subdivision thereof, issued after the passage of this Act, or to make any loan to such foreign government, political subdivision, organization, or association, except a renewal or adjustment of existing indebtedness while such government, political subdivision, organization or association, is in default in the payment of its obligations, or any part thereof, to the Government of the United States."

Accordingly it becomes important to this Commission when considering the applications of foreign governments or political subdivisions thereof for registration of securities under the Securities Act of 1933⁷ or the Securities Exchange Act of 1934⁸ to know whether or not such governments or political subdivisions are in default in the payment of their obligations or any part thereof to this government.

We would, therefore, appreciate the receipt of a list of the names of such countries as are in default in their payments on obligations to this government.

Yours very truly,

BALDWIN B. BANE

⁷ 48 Stat. 74.

⁸ 48 Stat. 881.

800.51 Johnson Act/160

The Secretary of State to the Chairman of the Securities and Exchange Commission (Douglas)

WASHINGTON, November 30, 1937.

MY DEAR MR. DOUGLAS: I have received Mr. Bane's letter of October 26 requesting a list of the names of such countries as are in default in their payments on obligations to this Government.

The Annual Report of the Secretary of the Treasury for the year ended June 30, 1936 contains on page 450 a table entitled "Securities Owned by the United States Government, June 30, 1936", which lists foreign obligations under the three subheadings of "Funded Indebtedness", "Unfunded Indebtedness", and "German Bonds". A table on page 78 of the same report lists the amounts due and not paid, as of November 15, 1936, on the indebtedness of foreign governments to the United States under the funding and moratorium agreements. The German bonds are discussed on page 79 of the same report. The three governments listed on page 450 as having unfunded indebtedness, namely Armenia, Nicaragua, and Russia, have also been listed in certain Treasury statements covering indebtedness to the United States on which payments have not been made according to contract terms.

The list of countries in default on their indebtedness to the United States, as compiled from the Treasury publication, is the following: Armenia, Austria, Belgium, Czechoslovakia, Estonia, France, Germany, Great Britain, Greece, Hungary, Italy, Latvia, Lithuania, Nicaragua, Poland, Rumania, the Soviet Union, and Yugoslavia. In the case of Armenia it should be explained that at the time the debt was incurred its status had not been definitely determined. It is not to be regarded as an independent state, and is here mentioned merely as of possible interest.

This is the list of countries, so far as is known to this Department, which may be regarded as being at present within the effects of the Johnson Act, approved April 13, 1934. In case any question regarding Nicaragua should come before the Securities and Exchange Commission in this connection, it may wish to inquire particularly into the status of Nicaragua, since there is a possibility that the indebtedness of Nicaragua may be offset against certain claims of the Government of Nicaragua now under consideration in the Internal Revenue Bureau of the Treasury Department.⁹

Sincerely yours,

For the Secretary of State:
SUMNER WELLES

⁹The Nicaraguan indebtedness in question was cancelled pursuant to agreement of April 14, 1938, between the United States and the Republic of Nicaragua, ratified by the United States Senate on June 13, 1938; see *Annual Report of the Secretary of the Treasury, 1938*, pp. 81, 300, 301, and 548. See also Department of State Treaty Series No. 937, or 53 Stat. 1573.

ATTITUDE OF THE DEPARTMENT OF STATE REGARDING
THE TRAFFIC IN MUNITIONS AND MILITARY OR
NAVAL EQUIPMENT AS RELATED TO FOREIGN POLICY

711.00111 Armament Control/1610a

*The Secretary of State to Diplomatic and Consular Officers in the
American Republics*

WASHINGTON, December 17, 1937.

Diplomatic Serial No. 3338

SIRS: Reference is made to Diplomatic Serial No. 2613 of November 21, 1935,¹ in regard to the exportation of arms, ammunition, and implements of war. Since questions have been from time to time addressed to the Department in regard to the policy laid down in this instruction, it has been deemed advisable to offer, for the consideration and guidance of diplomatic and consular officers, the following clarification of that policy.

A long-standing policy of this Government, dating from the Administration of President Harding, has consistently maintained that representatives of the Government shall not encourage the export trade in arms and munitions of war. Since December 1932, this policy has been embodied in a series of circular instructions to the field and in numerous and frequent communications with individual missions and consulates. In May 1933, the Secretaries of War, the Navy, and Commerce were specifically requested by the Secretary² to emphasize the importance of this policy to those of their officers who might, in the course of their duties, have to deal with the export trade in arms and munitions of war.

The most recent circular instruction issued by the Department on this subject, and that which sets forth the Government's current policy in this regard, is the above-mentioned Diplomatic Serial of November 21, 1935. The central paragraph of this instruction reads as follows:

"It is not the policy of this Government to encourage the export trade in arms, ammunition, and implements of war. American diplomatic and consular officers should not, therefore, proceed on their own initiative to promote American trade in arms, ammunition, and implements of war and should not endeavor to create trade opportunities for

¹ *Foreign Relations*, 1935, vol. I, p. 354.

² No record of written communication found in Department files; a communication in this regard was sent to the Secretaries of War, the Navy, and Commerce, November 7, 1933 (811.113/345).

American exporters of such articles. They should, however, in countries to which the exportation of these articles is not prohibited, when requested to do so by American exporters or their agents or by prospective purchasers, follow the same procedure in giving information and advice as they would follow in respect to the trade in any other commodity, except, however, that in order to disassociate the American Government from the promotion of the export trade in arms, ammunition, and implements of war, they should decline to use official channels for the communication of inquiries or offers between prospective purchasers and sellers."

There then follows a list of the arms, ammunition, and implements of war enumerated in the President's Proclamation of September 25, 1935,³ after which appears this sentence:

"The list of arms, ammunition, and implements of war enumerated above should not be considered as exhaustive but it will serve as an indication of the nature of the articles to be considered as arms, ammunition, and implements of war for the purposes of this instruction."

Copies of this instruction were also transmitted to the Secretaries of War, the Navy, and Commerce with the request that they bring it to the attention of their officers in the field.

The motives which prompted this Government to adopt such a policy are too obvious to require more than brief reference. Since we, as a nation, had again and again reiterated our determination to do all in our power to preserve the peace of the world, since we had participated earnestly and whole-heartedly in disarmament conferences, had signed and ratified the Convention of 1925 for the control of the traffic in arms,⁴ and had, in 1934-35,⁵ sponsored a proposal for strengthening this Convention, it could not but seem inconsistent for representatives of the Government to participate in the sale abroad of those very weapons the dissemination of which we were endeavoring to check, and by such participation to stimulate and feed the national suspicions and rivalries which it was the chief aim of our foreign policy to abate. Furthermore, the abuses of the arms traffic, involving in many cases the artificial creation of war scares and the bribery of government officials, were at this time becoming more and more apparent. With the warm approval of the President, the Nye Committee was set up to investigate these abuses, and its revelations did at least prove indisputably that the arms business was not one with which representatives of the United States Government should be associated. In fact, the findings of the Committee regarding the extent to which some of our representatives abroad had par-

³ Department of State, *Press Releases*, September 28, 1935, p. 222.

⁴ *Foreign Relations*, 1925, vol. I, p. 61.

⁵ At the Conference for the Reduction and Limitation of Armaments, Geneva; see *ibid.*, 1934, vol. I, pp. 1 ff., and *ibid.*, 1935, vol. I, pp. 1 ff.

ticipated in the arming of other powers caused a profound shock to public opinion which is still reflected in the numerous bills introduced at each session of the Congress providing for a nationalization of the arms industry and for a complete prohibition of the export of arms.

The policy, therefore, of refusing to encourage the export of arms and of disassociating representatives of the Government from the arms traffic could not but appear to be a wise and a logical one. Recently, however, some of our Government's representatives abroad, including, in a few cases, representatives from this Department, have intimated that they felt the policy placed us at too great a disadvantage, both commercially and politically, in certain foreign countries, chiefly in the American republics. The point of view of these officers is easily understandable. They see the representatives of European governments participating openly and actively in the sale of armaments produced in those countries and not hesitating to exert political and economic pressure on governments of the American republics in order to induce them to purchase arms which are of a quality definitely inferior to the corresponding product of the United States. When such methods are successful, our representatives are obliged to observe the infiltration of the influence of the nation making the arms sale into the army, navy, or air force of the country to which the sale has been made, and the establishment of the European product in the market, perhaps for a period of years. Both American officers charged with the promotion of our export trade and those charged with our political relations with the countries to which they are accredited cannot but be troubled at these developments and cannot be expected to refrain from questioning at times the value of the policy itself. Confronted by their questions, however, we must reply with two others:

Is it our policy in regard to the traffic in arms which is really responsible for the comparative success of our European competitors in certain American countries? and

Would the abandonment of our policy and the frank participation in the scramble for arms markets ultimately improve or injure our political and economic relations with the American republics?

Most military, naval, and aviation officers of the American republics prefer materials from the United States because they believe that the quality is better. When the decision is left in their hands, the purchases are usually made in this country. Why, then, do so many orders go to Europe? The answer is simply that European governments are willing to accept methods of payment from countries lacking in foreign exchange which United States private manufacturers are unwilling or unable to take. A wealthy country such as Argentina,

which is able to pay cash, concentrates her buying here. In the last two years, she has purchased arms, ammunition, and implements of war in the United States valued at about eight million dollars. Countries deficient in foreign exchange, however, are obliged to buy from sellers who will accept at least partial payment in copper, nitrates, coffee, cotton, and other commodities. Only in exceptional cases are American private manufacturers in a position to take such means of payment for they generally have no way of marketing the commodities in the United States. In fact, the United States is frequently already importing all of that particular commodity which it can reasonably be expected to consume. In cases of this kind, therefore, salesmanship of any sort by our representatives in the arms-purchasing country would be absolutely futile unless this Government were willing to offer terms comparable to those offered by European governments. This Government could not do so, however, unless it was prepared to modify radically the system under which American foreign trade is now being conducted. And even if it should attempt to do so, it would soon find that it was competing with, and perhaps forcing out of business, private United States importers of South American commodities.

It would seem, then, that the answer to our first question—is it our policy in regard to the traffic in arms which is really responsible for the comparative success of our European competitors in certain American countries—must be in the negative. The basic reason is that European countries will accept payments in kind. The proper way to overcome this obstacle would seem to be by other means than by permitting our representatives in the American republics to encourage actively the sale of United States arms.

The answer to the second question—would the abandonment of our policy in regard to encouraging arms sales ultimately improve or injure our political and economic relations with the American republics—would seem to be even more categorical. We are making every effort to promote the policy of the good neighbor throughout the Western Hemisphere. If it became known that our representatives were encouraging the purchase of arms by any given countries, the repercussions in other contiguous countries might well be such as to nullify all our recent efforts to cement friendly relations with all these powers.

Furthermore, would the American republics be inclined to accept as sincere the frequently expressed desire of the United States for the limitation of armaments, if at the same time this Government were actively endeavoring to persuade those republics to increase their armaments for the profit of our arms manufacturers? Finally, would American investors in South American nitrate and copper companies welcome the pursuance of an arms export policy by this Government which would have the effect of preventing or limiting the sale in Europe of the commodities which these companies produce?

The problem has many facets and it would be most unwise to attempt to treat it merely as a question of commercial and political rivalry between ourselves and certain European powers. While sympathizing fully with the disappointment of our representatives who are obliged to observe without being able to prevent increases in the political and commercial prestige of our European rivals, we must nevertheless recognize that under the circumstances now obtaining in many of the American republics the adoption of an active policy in regard to our arms export trade would not only be futile so long as we are not disposed to accept payments in kind, but would probably in the end weaken rather than strengthen our prestige throughout the hemisphere.

In support of these conclusions, there is quoted an excerpt from a memorandum⁶ prepared by the Counselor of the American Embassy in Santiago in regard to the recent purchase by Chile of airplanes in Italy and Germany. Mr. Frost's statements are perhaps the best answer to those who wish to abandon our traditional policy in regard to the traffic in arms.

"Deep disappointment probably prevails in some American commercial quarters. The high standing of our aviation, due to Panagra (with Government subsidy), and other firms, has failed of its proper result, it is felt. There have been hints that the American Government might well (a) have intervened on behalf of our manufacturers in the same manner as did the German and Italian Governments, or might (b) in some vague and unspecified manner have waived its policy against barter or compensation agreements.

"(a) It is true that Chilean officials have publicly adverted to the fact that our Government has shown none of the interest which the other two governments have so unctuously displayed. Germany showered honors upon the Chilean Mission, and in Italy General Aracena was received by Mussolini, and was given a royal decoration. The very dignity of our conduct, however, will be an element of strength in the future efforts of the Department in connection with disarmament. Chile has received a striking and unchallengeable proof that Washington is completely sincere in its readiness to forego American benefit, both economic and political, for the sake of discouraging international rivalry in armament matters. . . . It may also be borne in mind that attempts at intervention by our Government would certainly have aroused criticism and all feeling. The Germans and Italians would have been resentful, and the Chilean officials distrustful. The Chilean Opposition, which as things have developed has become pro-American as to aviation material, would just as joyfully have seized upon an occasion to denounce American imperialism and militarism.

⁶ Copy transmitted to the Department by the Ambassador in Chile in his despatch No. 719, September 24; received September 30.

“(b) As to the American policy with regard to official barter agreements and blocking of international credits, American aviation representatives probably do not understand that no legal means exist for suspending it in connection with individual commercial proposals. They do not realize, moreover, that even if this could be done any attempt to place Chilean nitrate sales in the United States on a compensation basis would at once react adversely not only upon our nitrate investors but also upon our holders of Chilean bonds, our miscellaneous corporations operating in Chile, and our exporters whose goods are subject to Chilean tariff rates. Furthermore, again, as in the case of the possibilities for the political intervention mentioned just above, any attempts at economic intervention through facilitating a compensation plan would have been as likely as not to have met, after all the storm they would have raised, with a failure which would have been both ignominious and harmful.

“Despite the commercial loss, however, and even despite the serious international political loss, our moral position has not been weakened but strengthened. The calm adherence by our Government to its policies will in all practical probability inure ultimately to the benefit of our country, and of other countries, in the upper strata of international affairs.” (Underscoring supplied)

In conclusion, we must not forget the repercussions which the abandonment of our policy in regard to arms exports might have in this country. A very sensitive public opinion has been created here on the subject of the munitions trade. If it became known, as it sooner or later certainly would, that this Government was once more participating in efforts to promote the arms traffic, the Government would be subjected to very strong criticism. Furthermore, the sentiment already existing in Congress in favor of prohibiting altogether the export of arms, ammunition, and implements of war would be strengthened and might well eventually crystallize in the enactment of a law imposing this prohibition notwithstanding the frequently expressed opinions of the Secretaries of War and of the Navy in regard to the effect which such a prohibition would have upon our national defense.

All in all, therefore, from every point of view—that of foreign trade policy, that of our relations with our American neighbors, that of internal politics, and that of national defense—it would seem to be the part of wisdom and prudence to continue to follow our traditional policy in regard to the association of the Government with the traffic in arms.

Very truly yours,

For the Secretary of State:
SUMNER WELLES

VIEWS OF THE DEPARTMENT OF STATE WITH RESPECT
TO PROPOSED LEGISLATION REGARDING NEUTRALITY
POLICY

811.24/1062

*The Secretary of State to the Chairman of the House Committee on
Military Affairs (Hill)*

WASHINGTON, April 9, 1937.

MY DEAR MR. HILL: I appreciate the opportunity you have given me of commenting upon H. R. 1608, "To provide for the common defense by acquiring certain commodities essential to the manufacture of supplies for the armed forces in time of an emergency, and for other purposes",¹ and regret the necessity for delaying my reply.

I may say at the outset that I am in favor of the underlying purpose of the bill, the accumulation in this country under arrangements which will insure their maintenance, of minimum reserve stocks of certain materials essential to the operation of our military forces and industrial organization in time of possible war, and which would not be available in sufficient amounts from domestic sources. Furthermore, the accumulation of such supplies might prove most useful during difficult periods of neutrality, facilitating the execution of neutrality policy.

However, I am inclined to question whether separate legislation, in particular the measure under reference, offers the most effective and desirable means for achieving that objective.

In the first place, I fear that in so far as it is expected that the materials will be provided on the basis of credits against the debts due to the United States arising out of the World War,² it would prove a disappointment and place long delays in the way of any actual accomplishment.

In the second place, I think it is likely that the provisions which contemplate the acquisition of materials by the barter of agricultural surpluses would prove similarly disappointing, as well as possibly

¹ Introduced by Representative Charles I. Faddis, January 5, 1937, and referred to the Committee on Military Affairs; *Congressional Record*, vol. 81, pt. 1, p. 34. Letters dated February 19 and March 23, 1937, from Mr. Hill to the Secretary of State, not printed.

² See pp. 846 ff.

involving preferential arrangements which might work contrary to the commercial policy of this Government.

Further, I believe it a matter of great importance that the steps we take in this field be so handled as to avoid possible interpretation as a step towards economic isolation or self-sufficiency. This would set back our attempts to restore our own foreign trade, and impair our leadership in the movement which seeks to minimize the possibility of world conflict by normalizing trade relations. Finally, I believe there is a risk that the emphasis which separate legislation dealing only with the question of strategic raw materials might give, would create unjustified fear in this country and abroad of an official belief in the likelihood of war in which we should be a participant.

In view of the above considerations, I venture to suggest to the Committee that the purpose in view might be better served by adequate authorizations in the annual appropriation bills for the nation's armed forces for the purchase of the necessary materials so as to assure the gradual accumulation of adequate reserves.

Because of the nature of the matters I have discussed in this communication, and since the whole question is still at a tentative state of consideration both in Congress and by the interested Executive branches of this Government, I would appreciate it if the Committee would regard this communication as confidential.

Sincerely yours,

CORDELL HULL

811.04418/254

The Secretary of State to the Chairman of the Senate Committee on Foreign Relations (Pittman)

WASHINGTON, April 20, 1937.

MY DEAR SENATOR PITTMAN: I acknowledge the receipt of your letter of April 10, 1937,³ transmitting to me for consideration and report the resolution—S. Res. 100⁴—requesting that I advise the Senate in regard to the applicability of existing neutrality legislation to certain hypothetical circumstances.

In reply, I have to inform you that I am entirely in accord with your opinion of this bill which you so ably set forth in your speech in the Senate on April 9.⁵

Sincerely yours,

CORDELL HULL

³ Not printed.

⁴ March 25, 1937, *Congressional Record*, vol. 81, pt. 3, p. 2737.

⁵ *Ibid.*, p. 3319.

711.00111 Armament Control/1255

The Secretary of State to the Chairman of the Senate Committee on Foreign Relations (Pittman)

WASHINGTON, May 4, 1937.

MY DEAR SENATOR PITTMAN: I refer to your letter of March 31, 1937,⁶ with which you transmitted to me for "consideration and report" a copy of S. J. Resolution 120,⁷ which provides in part that "from and after the approval of this joint resolution it shall be unlawful to export, or attempt to export, or cause to be exported, arms, ammunition or implements of war from any place in the United States, except to nations on the American continents engaged in war against a non-American state or states". I venture to offer the following observations with regard to the resolution:

The bill does not define "arms, ammunition, or implements of war". That expression is now almost universally understood to include articles, such as aircraft, revolvers, rifles, and small arms ammunition, which have a commercial as well as a military use. Those articles have been specified in the definitions of "arms, ammunition and implements of war" proclaimed by the President pursuant to the provisions of the Neutrality Resolution of August 31, 1935.⁸ Thus, the prohibition provided for by this bill would destroy our export trade in such articles intended for commercial use.

A statement of some of the reasons why it has been found necessary to consider such articles as arms, ammunition, and implements of war will be found on pages 34-39 of the First Annual Report of the National Munitions Control Board, of which I enclose a copy.⁹

An indication of the magnitude of the export trade which would be prohibited if this bill were enacted into law may be obtained from that report. You will observe from the statistical tables that licenses authorizing the exportation of arms, ammunition and implements of war to the value of \$26,568,722.30 were issued during the period November, 1935-November, 1936, and that the majority of the articles exported under these licenses were articles which have both a military and a commercial use. This is notably true of the so-called civil airplanes valued at \$7,690,307.50, the airplane parts valued at \$1,830,142.16, and the airplane engines valued at \$5,863,433.97. A prohibition on the exportation of aircraft, aircraft parts, and aircraft engines would be disastrous to the aircraft industry as nearly one-third of its production is now exported. The enactment of this bill in its present

⁶ Not printed.

⁷ Introduced by Senator Gerald P. Nye, March 30, 1937, and referred to the Committee on Foreign Relations; *Congressional Record*, vol. 81, pt. 3, p. 2865.

⁸ 49 Stat. 1081.

⁹ Not attached to file copy of this letter.

form would add to the number of restrictions upon normal peace-time international trade—restrictions which it has been our policy to reduce to a minimum.

The bill provides that the prohibition on the exportation of arms, ammunition, or implements of war from the United States shall be absolute “except to nations on the American continents engaged in war against a non-American state or states.” This provision would permit an American nation to obtain arms, ammunition, or implements of war from the United States only after a war had broken out between the American nation and a non-American state. The provision would not permit the American nation to obtain such articles from the United States to prepare against a threatened attack; until war had actually begun the American nation would obtain its desired arms, ammunition, and implements of war from other nations than the United States.

The Neutrality Resolution of August 31, 1935, for the enactment of which you were so largely responsible, set up a salutary system of supervision and control of the export trade in arms, and that system is functioning satisfactorily. Under it we already have provision for an embargo on the exportation of arms, ammunition, and implements of war to belligerents and a strict and constant supervision of exports to countries at peace.

It is hardly necessary to point out the obvious reasons why the enactment of the resolution would not promote the cause of world peace, and might indeed have the contrary effect.

I have not commented on the relation of S. J. Resolution 120 to the national defense program of the United States or to proposals for the nationalization of the arms industry; I have assumed that the departments directly concerned will submit comments on those aspects of the bill.

Sincerely yours,

CORDELL HULL

138 Military Service/1

*The Secretary of State to the Secretary of War (Woodring)*¹⁰

WASHINGTON, August 11, 1937.

The Secretary of State presents his compliments to The Honorable, the Secretary of War, and requests that the United States High Commissioner to the Commonwealth of the Philippines be advised that this Department desires that no passports be issued to citizens of the United States or to citizens of the Commonwealth of the Philippines

¹⁰ Identical letters were sent to the Secretary of the Interior for the attention of the Director of Territories and Island Possessions, and to the Secretary of the Navy for the Governors of Samoa and Guam.

who are going abroad to enter foreign military or naval service without the permission of this Government. It may be stated that such permission will be denied in the absence of special legislation of Congress authorizing such service.

It is also requested that the High Commissioner be advised that this Department desires that in all cases in which there is a suspicion that applicants intend to enter foreign military or naval service, such applicants be required to execute affidavits substantially as follows:

"I solemnly swear that if I am issued the passport for which I am making application and of which this affidavit is a part, I will not, during the validity of the passport or during the validity of any renewal or extension thereof, enter any foreign military or naval service without first obtaining the permission of the United States Government."

In such cases the High Commissioner should also make whatever investigations he may deem necessary to determine the true facts. If it appears that an applicant is intending to enter foreign military or naval service, he should be refused a passport and this Department should be advised of all the circumstances by telegraph. If the High Commissioner is in doubt regarding any particular case, he should refer the matter to this Department by telegraph with the names and addresses of two or more persons in the United States who might be in a position to furnish information regarding the applicant's character and his probable intentions.

This Department also desires that the High Commissioner place on all passports which he issues on and after August 16, 1937, and on all passports which come into his possession for any reason, an endorsement reading as follows:

"This passport is not valid for travel to or in any foreign state in connection with entrance into or service in foreign military or naval forces."

In view of the urgency of the matter it will be appreciated if the War Department will communicate this message to the High Commissioner by telegraph.

811.04418/293

*The Secretary of State to the Chairman of the Senate Committee
on Foreign Relations (Pittman)*

WASHINGTON, December 21, 1937.

MY DEAR SENATOR PITTMAN: I am in receipt of your letter of December 9, 1937,¹¹ transmitting for my consideration and comment

¹¹ Not printed.

a Joint Resolution (S. J. Res. 228)¹² introduced by Senator Lodge on November 16, 1937, "To amend the Neutrality Act of 1935", as amended.

It would seem unnecessary, in view of your familiarity and that of your Committee with the underlying purposes of the existing law and of the effect of these proposed changes, for me to comment upon them in detail. I may, however, observe that the Resolution, in addition to other changes which it would make in the Resolution approved May 1, 1937,¹³ would require the President, before taking action with respect to a state of war between or among two or more foreign states or with respect to a state of civil strife in a foreign country, to obtain special authorization of Congress in each instance. This proposed procedure would be most cumbersome, even under favorable circumstances. It does not seem to envisage the possibility that Congress may not be in session when action should be taken or that emergency situations may arise requiring prompt action by this Government.

On the whole I think that the proposed changes in existing legislation should not be made.

Sincerely yours,

CORDELL HULL

¹² Introduced by Senator Henry Cabot Lodge on November 29 (legislative day of November 16), 1937, and referred to the Committee on Foreign Relations; *Congressional Record*, vol. 82, pt. 1, p. 421.

¹³ 50 Stat. 121.

REPRESENTATIONS TO THE BRITISH AND NETHERLANDS GOVERNMENTS TO SEEK FURTHER REDUCTION OF RESTRICTIONS ON RUBBER PRODUCTION¹

856D.6176/381a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, January 23, 1937—2 p. m.

16. There is some belief that the International Rubber Regulation Committee will, in its meeting January 26, agree upon further lessening of restriction during 1937. The Department is of the opinion that such action is essential both to prevent an unjustified and unwise speculative rise in the price of rubber, and also necessary to prevent the whole question of rubber restriction from engendering new criticisms and controversies. You are therefore instructed to again discuss the situation with all the interested British authorities.

The present aspect of the situation as viewed here is as follows :

(a) That even taking into account the recent enlargements of future production, the prospect is for a further reduction in world stocks during 1937.

(b) That there are many elements present which might make for a further decided rise in prices, largely at the expense of American consumers; this in turn would be likely to be followed in the long run by a violent decline in prices disturbing to the financial position of the American manufacturers.

(c) That the recent small declines in the price of rubber have been due to the fact that the American manufacturers have stayed out of the market at the suggestion of the International Committee, a practice which they obviously cannot continue indefinitely, and to the automobile strikes in the United States.

This Government expresses the hope that the Committee will make the necessary increase in production schedules. Even if this increase in schedules cannot have their full effect immediately in increased production, the announcement of prospective allowed increases should stabilize the price situation. I greatly hope that the Committee will decide upon an increase in production schedules. Even if the announced increases in schedules cannot have their full effect immediately in increased production because of local conditions in some of the

¹ For previous correspondence, see *Foreign Relations*, 1936, vol. I, pp. 503 ff.

producing areas that have been created by the scheme, the announcement of the prospective increases should help to stabilize and safeguard the price situation. The Rubber Manufacturers Association in New York, after talking with Colonel Townsend² in London on the telephone, informs us that Townsend expects that certain increases in the allowable quotas will be made. However these may not take care of the immediate price dangers. The market position is being dominated at the present time by speculative activities. Therefore in addition to extensive increases in future allowed production it would probably be advisable for the Committee, if it wishes to insure a reasonable price, to announce that it is the Committee's intention to provide adequate supplies of rubber at a reasonable price, and that it would take any further measures, no matter how drastic, to bring about this result if speculative activities created an unreasonable price situation.

In presenting these suggestions to the British authorities, I think it would not be out of place to remind them that much political interest and agitation centers today upon the question of access to raw materials, and the ability of countries not possessing adequate supplies to secure them at reasonable prices and to share in world prosperity. This question seems to be assuming increasing importance in the judgment of the reasonableness of policies pursued by different governments. This Government is making and will continue to make a firm endeavor to quiet political difficulties by putting before the world a program of enlarged international trade and increased economic activity which will enable the peoples of all countries to thrive, and which will render unnecessary the use of forceful means for the sake of national welfare. I know from the many conversations that have taken place with the British Government that there is a general attitude of agreement on the part of that Government with the underlying idea expressed in this program. I therefore believe that the British Government will wish to take all steps to see that the operation of the rubber restriction program does not become a distinct contradiction to the promise and purpose embodied in the program and in the assurances extended by the British Government when the scheme was inaugurated.

Colonel Townsend at Savoy Hotel, London. This communication has been discussed with Rubber Manufacturers Association in New York, and through them with Townsend. Department suggests you discuss situation with him at once.

HULL

² A. F. Townsend, American rubber industry representative on Consumers Panel of the International Rubber Regulation Committee.

856D.6176/381b : Telegram

The Secretary of State to the Minister in the Netherlands (Emmet)

WASHINGTON, January 23, 1937—2 p. m.

6. Legation's despatch No. 614 of December 28, 1936,³ and preceding. The International Rubber Committee is meeting in London on January 26. The situation which you outlined well in the memorandum which you presented on December 28 to the Netherland Government remains the same with the genuine prospect that it would become more accentuated. The Department is informed that the recent decline in rubber prices is due solely to (a) the strikes in the automobile industry and (b) the fact that most of the American manufacturers had, at the suggestion of the International Committee, kept themselves out of the market for the last month. However, the situation developing as regards world stocks continues to increase the likelihood of a possible genuine shortage and violently fluctuating prices. Speculative interests throughout the world are fully acquainted with the situation and very active, and the American manufacturers fear that if there is no change in the prospective schedule of allowed production made promptly, when they return to the market they will face a very difficult situation.

Please call at once upon the proper officials and outline this condition again. You may emphasize the fact that a continuation of the course of events such as the inauguration of the scheme will cause increasing dissatisfaction throughout the United States. Furthermore, constantly rising prices under conditions of strict control will strengthen the impression both in this country and elsewhere that private interests are generally using their control over a volume of raw material for their special advantage. Any such impression is necessarily to be regretted at a time when an effort, of perhaps great world significance, is being made to assure opinion in countries not possessing raw materials that they will have fair access to such materials.

The Department suggests that the Government of the Netherlands use its influence to bring about, (a) a further lessening of restriction to an extent necessary to permit world stocks to be built up again without any further increase in prices, (b) an improvement of the position of the consumers' representatives on the Committee.

You may inform the Dutch Government that similar presentation is being made to the British Government.

HULL

³ *Foreign Relations, 1936*, vol. I, p. 519.

856D.6176/387

*The Netherland Minister for Foreign Affairs (De Graeff) to the American Minister in the Netherlands (Emmet)*⁴

[Translation]

No. 2446

THE HAGUE, January 23, 1937.

MR. MINISTER: Referring to the letter of Mr. Warden McK. Wilson, dated December 28, 1936, No. 353,⁵ I have the honor to inform Your Excellency that the opinion of the Government of the Queen in the matter of the rubber restriction policy is as follows.

The decision of the meeting of the International Committee for the regulation of rubber of December 15, 1936, in virtue of which the authorized exportation for the first half of the year 1937, at first fixed at 70% of the basic quota, was raised to 75% for the months of January, February and March, and to 80% for the months of April, May and June of this year, can in no manner be considered as a modification of the policy of the Committee.

In fixing the authorized quotas of exportation for rubber, the International Committee has always taken as a base statistical figures gathered with care. In regard to the considerable increase in consumption during recent months, the Committee has decided to modify the quotas established at its meeting of October 27th, and to permit an increased exportation during the coming months. It is very probable that by this measure the equilibrium between supply and demand will be established in such a way that for the first half of 1937 the stocks of rubber will not be further reduced.

The fact that—entirely contrary to the prognostications of the International Committee—the price of rubber has increased considerably since the above-mentioned decision of the Committee, must be in large part attributed to speculative operations of commerce. Although the Committee has the function of regulating the exportation from producing countries, it has no power over rubber bought by commerce.

On the other hand, the Committee has indeed the means of stimulating the exportation of "ready rubber" from the producing countries in case a shortage is imminent. The Government of the Netherlands Indies is active along these lines at the moment.

With reference to the statement that the price of rubber will be raised much above the level considered appropriate by the Government of the Queen, it must not be overlooked that there is a tendency for all commodities to improve their prices on the world markets.

⁴ Copy transmitted to the Department by the Minister in the Netherlands in his despatch No. 638, January 27; received February 9.

⁵ Not printed; see despatch No. 614, December 28, 1936, *Foreign Relations*, 1936, vol. 1, p. 519.

However, the Government of the Queen remains of the opinion that moderate prices acceptable to consumers are always desirable.

The Government of the Queen is impelled to state that in fixing the percentages of rubber restriction, the observations and warnings of the delegate of the American consumers have indeed been taken into account. But all the decisions of the Committee relative to the percentages of restriction, and it is self-evident that these decisions have a direct repercussion on prices, have been made in mutual agreement with the delegates of the consumers in the Committee. This is notably the case with respect to the decision of December 15th mentioned above, which had the entire adhesion of the "Consumers Panel", in which figure the representatives of the American rubber manufacturers.

The Committee is always aware of the interest in sufficient rubber exportations in the different consuming countries. In consequence the fears of the American interests, which are shared by the American Government, do not appear to be justified.

Moreover, the direct shipments to the United States during recent months are in no way disquieting, whereas the stocks of manufacturers and brokers (*négociants*) are important. A considerable shortage is not to be feared. Naturally the International Committee will not delay in revising the percentages of restriction in case the statistical position of the market becomes sensibly modified.

The Committee is well aware of the importance of the fact that the stocks of rubber are not entirely available for commercial centres of first demand. However, the Committee has only an indirect influence on this situation.

It follows from the above that the rubber restriction has not greatly exceeded the objective set for it, as well as that this Committee is determined to safeguard insofar as it is possible the interests of the consumers.

The Government of the Queen can very well understand the very special interest of the Government of the United States in the present subject. Thus the Government of the Queen is impelled to declare again that it will remain faithful to its policy of the maintenance of a moderate price level, although remunerative for efficient rubber producers, and that it will always take into consideration the interests of the American consumers. However, it cannot admit that the recent increases in quotas are not adequate to assure for the year 1937 a stable and satisfactory price; on the contrary, it is of the opinion the present and future measures taken in the producing countries for the stimulation of rubber shipments shall have produced their effect.

Please accept [etc.]

For the Minister:
The Secretary General
H. A. HOORT

856D.6176/387

*Memorandum by the First Secretary of Legation in the Netherlands
(Wilson)*⁶

THE HAGUE, January 25, 1937.

I went to see Professor van Gelderen⁷ at eleven o'clock and had a half hour's conversation with him and with Jonkheer Loudon⁸ of his office.

He said that there were certain things which he wished to discuss informally and which had not been put in the official Note which had been sent in reply to the Legation's Note No. 353.⁹ I told him that we had received the Note on Saturday and that the general assurances contained therein were most welcome. He then said that the policy of the Government of the Netherlands East Indies had in no way changed and that if the price of rubber had risen in an extraordinary fashion it had been entirely unforeseen and could not be said to be due to the statistical position of rubber production. His information was that it was principally due to speculation very much as the rapid rise in copper had been due to the same cause and that since we had recently passed through a period of rising commodity prices, it did not seem entirely surprising that rubber had gone along with the rest. However, he hastened to add that the present price was too high for Dutch tastes and that they would be satisfied with a considerably lower price, both from the native and the plantation rubber angle. I told him that I was glad to hear that in view of their new policy towards native rubber they had not changed their opinion as to what was a satisfactory price. I presumed that was what he meant. He answered that five gold British pence per pound would be satisfactory and that they still thought so but that a slightly higher price would not seem excessive.

He then went on to say that he wished to say something about the working of the Committee and principally as to the attitude of the British members. He thought that in view of the careful study of the statistical position made by the Committee and of the fact that our manufacturers had four or five months supply in stock, it was difficult to understand our great concern and our periodical efforts to bring pressure for increased percentages of free rubber. He said that the

⁶ Transmitted to the Department by the Minister in the Netherlands in his despatch No. 638, January 27; received February 9.

⁷ J. van Gelderen, rubber expert of the Netherlands Ministry of the Colonies and Chief Delegate for the Netherlands on the International Rubber Committee.

⁸ Alexander Loudon, First Secretary of the Netherland Legation in Switzerland.

⁹ Dated December 28, 1936, not printed; see the Legation's despatch No. 614, December 28, 1936, *Foreign Relations, 1936*, vol. 1, p. 519.

British were in the same position as the Dutch, namely, that rapidly increased production involved a good deal of expense and in some sections required considerable time. He pointed out that whereas in Java production could be increased fairly rapidly, Sumatra presented an entirely different picture because of the labor problem. The British had these problems too and were not in favor of too rapid increases in the percentage of free rubber because they could not produce to that extent any more than the Dutch. In any case, he thought we were perhaps suffering under an illusion with regard to the British attitude. He had found them very conscious of their responsibilities and not at all anxious to bring about excessive prices—on the contrary, anxious to avoid speculation. He added that a vote had never been necessary in the Committee, for the British and Dutch delegates had seen eye to eye on every occasion, basing their opinions on carefully gathered statistical information. It had been and was the purpose of the Committee to decrease the restriction as rapidly as seemed justified and to stimulate production along sensible lines as rapidly as that seemed justified by market conditions.

I thanked him for telling us this and said that neither Mr. Emmet nor I had heard the opinion expressed that the restriction was being used for any purpose except the one which was announced in June of 1934. I added, however, that despite the repeated assurances that the Committee's actions would take care of the price situation, there had been an extraordinary rise in the price of rubber and that the fears of the American manufacturers had seemed to have been fully justified.

He then said that he had in mind some plan whereby the consumer-manufacturers in America, Germany, England, etc. would combine in a purchasing plan whereby some guarantee of the steady control of purchases might be assured on an annual basis, thereby giving the producing territories something of a guarantee or at least an incentive to increase production. I told him that I could express no opinion as to whether this would prove an acceptable idea, but that it was my understanding that cooperation between the large American companies was more evident this year than it had been before, although I could not say to what extent this cooperation was or could be carried.

Finally I told him that Mr. Emmet had received instructions to make strong representations to the Government of the Netherlands and would do so in the afternoon at the Ministry of Foreign Affairs.

WARDEN MCK. WILSON

856D.6176/381 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, January 26, 1937—4 p. m.
[Received January 26—1:10 p. m.]

28. In the absence of Eden¹⁰ and Gwatkin¹¹ in Geneva I presented the substance of Department's 16, January 23, 2 p.m., to Vansittart¹² and Jebb¹³ yesterday and I am informed subsequently Vansittart wrote the Colonial Secretary an outline of my remarks.

At today's meeting Colonel Townsend asked for an increase in the second and third quarters to 90%; the Rubber Committee decided, however, to retain the present quota figure for the second quarter and an 85% release for the third quarter which Townsend and the German (the English consumer representative being absent) accepted under protest and asked that their protest be filed in the minutes of the meeting.

I venture to mention how opportune it would be to discuss with Mr. Runciman¹⁴ before his departure from Washington the rubber situation particularly in view of the commitments made to us by the British Government in their 1934 correspondence with this Embassy.¹⁵

BINGHAM

856D.6176/385

The Chargé in the United Kingdom (Atherton) to the Economic Adviser (Feis)

LONDON, January 29, 1937.

MY DEAR HERBERT: The Embassy telegram No. 28, of January 26, 4 p.m., gives you the result of the last meeting of the International Rubber Committee.

Subsequently, I lunched with the members of the Committee and the points of view I gained in my conversations there, as well as in a conversation I had with the Netherlands Minister last evening, are the immediate background against which I am writing this note.

¹⁰ Anthony Eden, British Secretary of State for Foreign Affairs, and delegate, League of Nations Assembly.

¹¹ Frank T. A. Ashton-Gwatkin, Counselor for Economic Relations of the British Foreign Office.

¹² Robert Gilbert Vansittart, British Permanent Under Secretary of State for Foreign Affairs.

¹³ Hubert M. G. Jebb, First Secretary in the British Foreign Office.

¹⁴ Walter Runciman, President of the British Board of Trade.

¹⁵ See *Foreign Relations*, 1934, vol. 1, pp. 615 ff.

In the course of the luncheon I was told that the producing members of the Committee very much resented the attempts of the American Government to influence their decisions, and that while our representations had reduced Sir John Campbell ¹⁶ "to a state of jitters", they had no weight with the other English members of the Committee. Mr. Hay took the line that the average price of rubber over the last two years was very favorable to American consumers and we had no reason to complain. A friend of his joined in saying that any attempts to propagandize the Committee must have the opposite effect upon their deliberations than was desired. Sir Andrew McFadyean was of the opinion that any greater release than was given on Tuesday would have produced a scare and merely increase speculative buying. In the course of his remarks to me, we touched on the question of a buffer pool, which he stated was an impossible project since producers would not be willing to finance it and in his opinion, furthermore, was an unsound method.

The Netherlands Minister was also at this Rubber Committee lunch. He told me then that he knew very little of the subject, but was to have a talk with Van Gelderen, the Dutch representative. I saw the Netherlands Minister again last evening and he told me Van Gelderen had confirmed to him that the members of the International Committee, particularly the British producers, were very much annoyed by the representations of the American Government; that Sir John Campbell had been asked to explain by the Colonial Office his more or less arbitrary actions in September, but that, even though he was Chairman of the Committee and acting under orders from the Colonial Office, he was unable to make headway against the Committee. Van Gelderen told another member of the Dutch Legation that the attitude of the British members of the Committee was "opposed to permitting consumer interests to run their business".

My general impression, after these conversations, is that the British producers' idea of a fair price has now grown to 10d; that while the producing elements are allowed by the Governments—the British primarily—to have control of the restriction scheme, there is no possibility of adequate consideration of the consumers' interest. It is for this reason that, in the Embassy's telegram No. 28 of January 26, 4 p. m., the suggestion was put forward as to discussing this matter with Mr. Runciman before he left Washington "in view of the commitments made to us by the British Embassy in their 1934 correspondence".

¹⁶ Economic and Financial Adviser to the British Colonial Office, and Chairman of the International Rubber Committee.

In a recent conversation with a Government official he said that the representations made by this Embassy under Government instructions just before the meetings of the International Rubber Committee had had no time to be digested by his Government and discussed with the Committee. I think this is true. Incidentally, the Department's last instruction was only received the day before the last meeting.

As you may know already, both Mr. Hay and Mr. Miller, the outstanding British producing members of the Committee, have in the annual address to their companies' shareholders pointed out the necessity for renewal of the restriction scheme, and I believe exchanges of views among the producers are taking place.

In my opinion, our next move should be a formal note to the British Government specifically detailing the commitments they have made to us in their 1934 correspondence and asking that they be implemented both according to the letter and spirit in which they were made. The only way we can get any effective action is by the British Government stepping in, and now is as good a time as any, for it is very likely that the price of rubber will rise, perhaps abruptly, between now and the next scheduled rubber meeting about the middle of March.

For your convenience, I am enclosing a summary of the assurances given to us by the British Government in 1934, the sum total of which are fairly formidable; particularly pertinent, I think, are those to be found in the note of April 26, 1934,¹⁷ which reiterates that "the object of the scheme is, that once excessive stocks have been gradually reduced, producers should be able to sell as much rubber as the world will take at a reasonably remunerative price. . . . Producers working to a higher percentage of their potential output can produce at a lower cost; and it seems probable that part at least of the increased profits thereby obtained would be passed on to the consumer in the form of a lower market price." What has, however, happened is that, although the quota output has been gradually enlarged, the price has continued to rise decidedly.

While it is, of course, true that most commodity prices have risen, six months ago the British Government and most of the rubber people were thinking in terms of rubber at 7 to 8d. Now that the price has been successfully pushed up to 10d., 7d seems unremunerative, whereas, in point of fact, it affords a handsome profit to any decently-run rubber estate. In any case, the British Government did not gear in their 1934 correspondence their view of the price of rubber in any way to other commodity prices, they viewed the requirements of the industry in an absolute, not a relative sense.

Sincerely yours,

RAY ATHERTON

¹⁷ *Foreign Relations*, 1934, vol. I, p. 653.

856D.6176/392

The Minister in the Netherlands (Emmet) to the Secretary of State

No. 653

THE HAGUE, February 3, 1937.

[Received February 17.]

SIR: I have the honor to refer to the Legation's despatch No. 638, of January 27, 1937,¹⁸ and previous correspondence concerning the international rubber restriction.

Professor van Gelderen, the Chief Netherlands Delegate on the International Committee, returned from London on Friday and Mr. Wilson had an informal talk with him yesterday. He said that the meeting of the Committee had, as usual, been extremely cordial and pleasant and that also as usual no vote had been necessary in order to assure the success of the compromise measure of 85% free rubber for the third quarter of 1937, which had been adopted to please the consumer interests, particularly the Americans. He added that in his opinion Colonel Townsend and his other associates were satisfied with the situation, although he quite understood that it was their business and served their interests best to fight the restriction.

When asked whether or not the percentage of rubber might be raised to 90% for the fourth quarter of the year, Professor van Gelderen said that he thought it very likely, but that in any case he was satisfied that the 85% rate of production for the third quarter would more than take care of the situation and would probably raise reserve stocks by thirty or forty thousand tons. He added that while speculators might still have some fun in the rubber market, the recent decisions of the International Committee had put an end to the possibility of any speculation based on actual shortage.

He then went on to discuss the suggestion he had made in London that the consumer interests organize in a cooperative purchasing plan. He said that no decision had been reached or could be until a thorough study of the matter had been made, but that he thought that Colonel Townsend and the other consumer representatives had been impressed by the arguments. It was difficult to ask the producers to rapidly increase their production at great expense merely because of some political or economic condition in certain consumer countries, since they were also in business and had to use their own judgment as to the possibility of events taking a different turn from what is now generally expected. In other words, it would be more reasonable to ask for increased production if there were some guarantee for the growers that they would have a minimum market and that in critical times they would not have to carry enormous stocks themselves. He added that another point had been brought up which he thought the

¹⁸ Not printed; see footnote 4, p. 877, and footnote 6, p. 879.

American interests should take into consideration, namely, that the amount of shipping available is not sufficient to take care of any large increase in exports of rubber for the moment.

I understand that the Minister of Colonies, Dr. Colijn, has ordered the Governor General of the Netherlands East Indies to encourage increased production, particularly in Sumatra, where growing had been greatly curtailed due to difficulties in the labor situation.

Respectfully yours,

GRENVILLE T. EMMET

856D.6176/381 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, February 5, 1937—6 p.m.

34. You are requested, if you see no objection, to call upon Mr. Eden if that is convenient, otherwise upon Mr. Vansittart or the highest official of the Foreign Office available, and present an *aide-mémoire* along the following lines.

The British Government will recall the exchange of views with this Government at the time the international rubber restriction scheme was being initiated early in 1934. It was the opinion of this Government that the agreement as it finally materialized provided no adequate safeguards for the interests of consumers, either with respect to supply or price. However, in view of the strong assurances, in general terms, offered by the British Foreign Office, this Government refrained from further presentation of its judgment at the time, preferring to observe and study the actual operation of the scheme over a period of time.

This Government was at first encouraged to believe that the International Rubber Regulation Committee had decided to follow moderate and reasonable policies. During the first year of the agreement, the rate of restriction of exports did not appear unjustified, taking into consideration the level to which stocks had risen and the current rate of consumption. Toward the end of 1935, however, world absorption increased at the same time that more drastic restrictions upon exports were introduced. The result was a rapid decline of stock and increase in price. At the end of the first quarter of 1936 it appeared reasonable to believe that all "excessive stocks" had been removed and that as a result prices had risen to the point where they must be considered, even by producers on the International Committee, as "fair and equitable" and as "reasonably remunerative to efficient producers".

With prices early in 1936 above 15¢ per pound in New York and in the neighborhood of 7½d. sterling and 4½d. gold, it was hoped that the International Committee would consider that stocks had been reduced sufficiently to gain the primary objectives of the agreement and that therefore it would arrange to release as much rubber as was needed currently by consumers. The International Committee continued to follow a policy of severe restrictions, however. During the 9 months from the end of February to the end of November 1936,

stocks of crude rubber outside the regulation areas (as given in the Statistical Bulletin of the International Rubber Regulation Committee) were reduced by 150,000 tons, and, measured against absorption for the previous 12 months, fell from a 6 months' supply to less than a 4 months' supply. It is not surprising, therefore, that prices rose during the same period and that now for several weeks they have been at a level more than one-third above the reasonably remunerative level reached early in 1936.

Having failed to prevent the development of a serious situation with respect to the supply of rubber, the International Committee then, at the end of 1936 and at the beginning of 1937, took no adequate action to remedy the situation, providing in fact for such limited releases during the first half of 1937 as to give rise to the expectation that stocks would actually continue to decline.

As a result of these developments the following conclusions have gained increasing support:

(1) The International Rubber Regulation Agreement has been so administered as to bring about a reduction in stocks and an increase in price considerably in excess of the objectives set forth in the agreement itself and of the position taken by the British Government in its *aide-mémoire* of April 26, 1934.¹⁹

(2) The arrangement for representation of consuming interests by the Consumers' Panel has not provided a sufficient check on the actions of the International Committee; the restrained warnings and advice of the Consumers' Panel have not been heeded to a sufficient extent or with sufficient rapidity.

(3) No changes have been made in the scheme or in the method of control to warrant assurance that the future consequences of restriction will be more satisfactory to consuming interests than in the past. The personnel of the Committee remains the same; the governments parties to the agreement have taken no new action to guard against unreasonable pressure on consumers; no new powers have been given to the consumers' representatives, no provision has been made for greater flexibility and speed in releasing necessary supplies, and there has been no clarification of the Committee's attitude with respect to desirable levels of stocks and of prices, with the result that consumers are extremely uncertain as to the future and speculation and instability in the market are encouraged.

This Government has entertained the hope that the governments which brought the scheme into being would accept and exercise full responsibility for the operation of that scheme, not only because of the repeated assurances that the rights and interests of consumers would be adequately safeguarded but also because of the special significance at this time of problems involved in restrictive control of the sources of supply of raw materials and the desire of all nations for freedom and facility of access to such materials. It still trusts that this hope will not be disappointed. Otherwise public opinion will conclude that there is no way of providing internationally for those kinds of checks and controls of producer-monopolies, in the interest of consumers and of the public as a whole, which have been found necessary by governments with respect to their own domestic situations.

¹⁹ *Foreign Relations*, 1934, vol. I, p. 653.

This Government has been encouraged to set forth its position in some detail with respect to the rubber regulation scheme in the hope that this position might appeal to the British Government as reasonable and as forming the basis for further discussions leading to a constructive adjustment of the scheme and of its administration more in line with the many interests directly and indirectly affected.

HULL

856D.6176/386 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

[Extract]

WASHINGTON, February 11, 1937—2 p.m.

43. Department's 34, February 5 and Embassy's 50, February 8.²⁰

Insert the following new paragraph before the short paragraph which reads as follows "As a result of these developments the following conclusions have gained increasing support".

"At the present time the American consumers of rubber find that despite the fact that they have remained out of the market for a protracted period in the hope that the market would assume a more normal aspect, they are faced with a situation wherein world stocks and their own stocks are continuing to decline and control of available supplies of rubber for the next few months is very largely in the hands of speculative interests which rely upon continued narrow restriction to assure a further marked increase in price. In fact, according to well-informed reports it is hardly too much to say that the restriction scheme at the present moment is operating to put consuming interests at the mercy of speculative interests, an outcome which it assumes to be as unwelcome to the British Government as to the American Government".

Add as final paragraph :

"My Government furthermore believes that the existing situation merits immediate reexamination by the Government of the United Kingdom and by the British interests involved with a view to taking prompt action either in the way of providing enlarged future rubber quotas in a form that will effectively provide the market with larger supplies both for current consumption and for the restoration of world stocks to a more normal level, or through the issuance by the International Rubber Regulation Committee of a statement so conclusive in character as to convince the speculative interests that no great further rise in the price of rubber is possible in order that the rubber so controlled may become shortly available at reasonable prices and the speculative control of the situation be brought to an end."

HULL

²⁰ Latter not printed.

856D.6176/390 : Telegram (part air)

The Minister in the Netherlands (Emmet) to the Secretary of State

THE HAGUE, February 15, 1937—1 p.m.

[Received February 16—9:15 a.m.]

10. Discussed rubber situation this morning with Premier Colijn. He repeated assurances given by Van Gelderen (see despatch No. 653, February 3) and said price of rubber was too high and that he was disappointed. He said that an effort was being made to bring the price of rubber down; the British Government was entirely in accord with this idea although many British growers because of labor difficulties favored present prices or even higher. He said that the situation had only been acute since December 1 and was due in great part to purchases for military requirements by various nations attempting to create a national supply. He also assured me that if the present situation was not altered by the recent action of the Committee he would favor an even higher percentage of unrestricted rubber to be agreed upon at the next meeting. He thought effects of recent increases in quotas had not yet been felt and also that the scheme of regulation would be elastic and responsive enough to meet the requirements.

I repeated to him the arguments already made at the Ministry of Foreign Affairs contained in the Department's various telegraphic instructions.

EMMET

856D.6176/391 : Telegram

The Chargé in the United Kingdom (Atherton) to the Secretary of State

LONDON, February 16, 1937—1 p.m.

[Received February 16—9:20 a.m.]

68. Department's 43, February 11, 2 p.m. I called upon Lord Halifax, the Acting Foreign Secretary, this morning and in delivering the note²¹ took occasion to outline the American position.

ATHERTON

856D.6176/387

The Secretary of State to the Minister in the Netherlands (Emmet)

No. 355

WASHINGTON, February 23, 1937.

SIR: Recent press reports indicate that Premier Colijn, in a speech before Parliament, repeated substantial portions of his views as re-

²¹ Dated February 16.

ported in your No. 10, February 15, 1:00 p.m. These expressions of the viewpoint of the Netherlands Government are highly encouraging to this Government. Will you please seek an early opportunity, therefore, to express to Colijn or to some appropriate official of the Ministry of Foreign Affairs the satisfaction with which his statements have been received by this Government and our hope that the Netherlands Government will continue to implement this viewpoint in every possible way?

At the same time you should indicate that this Government views with concern the continuation of a situation which allows the present price levels, speculative activity, and stock depletion to continue and our inability to agree with the view expressed by the Netherlands Government in the note of January 23, 1937 that the actions taken by the International Rubber Restriction Committee are adequate to assure for the year 1937 a stable and satisfactory price. For this reason and because of its bearing upon future decisions with respect to the rate of rubber production and release, it seems appropriate to place before the Netherlands Government a brief review along the following lines of the situation which has developed since the inauguration of the rubber restriction scheme.

This Government was at first encouraged to believe that the International Rubber Regulation Committee had decided to follow moderate and reasonable policies. During the first year of the agreement, the rate of restriction of exports did not appear unjustified, taking into consideration the level to which stocks had risen and the current rate of consumption. Toward the end of 1935, however, world absorption increased at the same time that more drastic restrictions upon exports were introduced. The result was a rapid decline of stocks and increase in price. At the end of the first quarter of 1936 it appeared reasonable to believe that all "excessive stocks" had been removed and that as a result prices had risen to the point where they must be considered, even by producers on the International Committee, as "fair and equitable" and as "reasonably remunerative to efficient producers".

With prices early in 1936 above 15¢ per pound in New York and in the neighborhood of 7½d. sterling and 4½d. gold, it was hoped that the International Committee would consider that stocks had been reduced sufficiently to gain the primary objectives of the agreement and that therefore it would arrange to release as much rubber as was needed currently by consumers. The International Committee continued to follow a policy of severe restriction, however. During the nine months from the end of February to the end of November 1936, stocks of crude rubber outside the regulation areas (as given in the Statistical Bulletin of the International Rubber Regulation Committee) were reduced by 150,000 tons, and, measured against absorption for the previous twelve

months, fell from a six months' supply to less than a four months' supply. It is not surprising, therefore, that prices rose during the same period and that now for several weeks they have been at a level more than one third above the reasonably remunerative level reached early in 1936.

Having failed to prevent the development of a serious situation with respect to the supply of rubber, the International Committee then, at the end of 1936 and at the beginning of 1937, took no adequate action to remedy the situation, providing in fact for such limited releases during the first half of 1937 as to give rise to the expectation that stocks would actually continue to decline.

As a result of these developments, the following conclusions have gained increasing support :

(1) At the present time the American consumers of rubber find that despite the fact that they have remained out of the market for a protracted period in the hope that the market would assume a more normal aspect, they are faced with a situation wherein world stocks and their own stocks are continuing to decline and control of available supplies of rubber for the next few months is very largely in the hands of speculative interests which rely upon continued narrow restriction to assure a further marked increase in price. In fact, according to well informed reports, it is hardly too much to say that the restriction scheme at the present moment is operating to put consuming interests at the mercy of speculative interests, an outcome which this Government assumes to be as unwelcome to the Netherlands Government as to it.

(2) The International Rubber Regulation Agreement has been so administered as to bring about a reduction in stocks and an increase in price considerably in excess of the objectives set forth in the agreement itself and of the position taken by the Netherlands Government in its *aide-mémoire* of April 28, 1934.²²

(3) The arrangement for representation of consuming interests by the Consumers Panel has not provided a sufficient check on the actions of the International Committee; the restrained warnings and advice of the Consumers Panel have not been heeded to a sufficient extent or with sufficient rapidity.

(4) No changes have been made in the scheme or in the method of control to warrant assurance that the future consequences of restriction will be more satisfactory to consuming interests than in the past. The personnel of the Committee remains the same; the governments parties to the agreement have taken no new action to guard against unreasonable pressure on consumers; no new powers have been given to the consumers' representatives, no provision has been made for greater flexibility and speed in releasing necessary supplies, and there has been no clarification of the Committee's attitude with respect to desirable levels of stocks and of prices, with the result that consumers

²² See telegram No. 30, April 28, 1934, from the Minister in the Netherlands, *Foreign Relations*, 1934, vol. I, p. 657.

are extremely uncertain as to the future, and speculation and instability in the market are encouraged.

A somewhat similar note has been presented by the Embassy in London to the British Government. You may use your discretion as to whether it would be preferable to present this matter to the Netherlands Government in a formal note or simply as an *aide-mémoire*.

Repeated reference has been made in your No. 10 and in recent despatches to difficulties of rapidly increasing production because of labor problems and problems of time and expense. In this connection you may wish to point out orally that these difficulties could in large part be avoided by the allocation of larger quotas of native rubber without necessarily raising the quotas for plantation rubber by the same proportionate amount. It is believed that native production offers sufficient flexibility not to involve many of the problems which may be alleged in connection with increased production of plantation rubber.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE

856D.6176/391 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, March 8, 1937—7 p. m.

76. Your 68, February 16, 1 p.m. The further increase in rubber prices and market developments give further immediate importance to the presentation made to the British authorities, reply to which is awaited.

Messrs. A. L. Viles, President of the Rubber Manufacturers Association, and J. J. Blandin, Goodyear Tire and Rubber Company, sailed March 3 for The Hague and London to discuss the rubber situation with appropriate government officials and trade contacts prior to attending the March 16 meeting of the International Rubber Restriction Committee. You are requested to assist them in every appropriate way in arranging contacts and to make every effort to assure that the Government considers their presentation with the utmost seriousness.

They have conferred at length with Commerce and State Departments, and there is substantial agreement on the main elements in their objectives, as both equitable and sound. These objectives comprise both the relief of the immediate situation (stock shortages, speculative prices, and inadequate releases of rubber) and the assurance of a continuing adequate supply of rubber during the life of restriction control (involving if necessary revision of the total basic quota, its

re-distribution among areas, and provision for sufficient flexibility therein.) Experience definitely seems to establish the fact that mere upward revisions of the percentages of permissible exports are insufficient to take care of the situation and carry out the assurances of the Dutch and British Governments; actual revision of the underlying basis of the plan seem essential.

The American representatives (seeking the likely concurrence of the German representative) intend to press hard for the following specific changes among others. If they are not satisfied and if the price of rubber remains exorbitant they may bring the whole matter into the area of public discussion.

I. For the relief of the immediate crisis:

(a) Statement by the Committee of the actual results obtained thus far in increasing the production of rubber by means of recent increases in the exportable allowances.

(b) A statement as to a fair and reasonable price for rubber during normal periods, or if such a direct statement as to price is not feasible, then definite public assurance that permissible exports will be established at such levels that world stocks may be rebuilt at reasonable prices and maintained at a figure sufficient to constitute 6 months' supply at the current rate of consumption. (550,000 to 650,000 tons is the figure contemplated on the basis of the estimated rate of consumption in 1938.)

(c) Immediate increase in the output of rubber by making full use of the factor of flexibility provided by native production. (Labor limitations and seasonal conditions may render difficult production by estates up to the full amount of allowable exports for the first half of 1937, but it is believed that small holders in Ceylon and Malaya and natives in the Netherland East Indies are able to produce at higher rates than those in effect for the second quarter of 1937. Accordingly the objective is that the Restriction Authorities in these areas issue export coupons and crop permits for the second quarter in excess of the present rate, either by regular or prompt special issue, the excess over the otherwise effective rates to be adjusted during the last half of 1937.)

II. Long run objectives.

(a) An increase in the basic global standard production.

(b) Revision of the distribution of basic standard production as between the different producing areas so as to correspond more fully with the actual productive possibilities of each area. (We are informed that the assignments for the Netherland East Indies and Ceylon are substantially lower relative to their productive capacity than those for other areas. The same may be true of Sarawak.)

The Legation at the Hague informs us (Hague's No. 15, March 5²³) that the assignment to the Netherland Indies for 1937 has been in-

²³ Not printed.

creased from 467,000 tons to 520,000 tons. We have no confirmation of this as yet, and do not know whether a similar amount has been deducted from the assignments to other areas or not. However, if this increase is made effective, it probably would be a step in the right direction.

(c) A revision in the distribution of the basic quotas in the various areas between estates and natives so as to be sure that full use can be made of the element of flexibility provided by native production.

(d) Revision of the exportable allowance for the third quarter of 1937 from 85 to 90 percent and simultaneous announcement of 90 percent for the fourth quarter. This step is desirable for whatever influence it may have in building up world stocks to the amount desired at the year-end, and for the psychological effect on speculative trade in nearby positions.

All American reports agree that a further diminution in stocks is in imminent prospect and that the situation is becoming increasingly unsatisfactory. Department greatly hopes that as a result of this visit of American representatives and the presentations made by this Government, the British and Netherlands Governments will do everything necessary.

As stated in the Department's previous communication the British Government must be brought to realize that the maintenance of monopolistic and unfair prices of rubber will almost certainly be an acute element of dissatisfaction and criticism of the whole raw materials situation and unfavorably affect American opinion.

Report fully.

Repeat to The Hague.

HULL

856D.6176/391 : Telegram

The Secretary of State to the Minister in the Netherlands (Emmet)

WASHINGTON, March 8, 1937—7 p.m.

11. The Department has instructed Am[erican] Embassy London to repeat to you long instruction in regard to visit of representatives of American rubber industry. They are going to The Hague first, arriving about March 9. They wish to talk with the responsible officials of the Netherlands Government. Please assist them in every appropriate way in accordance with Department's cable to London.

Your 15, March 5, 5 p.m.²⁴ Department desires you to make whatever additional representations may seem useful in concert with efforts of Messrs. Viles and Blandin.

HULL

²⁴ Not printed.

856D.6176/400 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, March 12, 1937—7 p.m.
[Received March 12—4: 05 p.m.]

139. I have received British Government's reply²⁵ to representations based on Department's 47, February 13, 2 p. m.,²⁶ which is 14 pages in length but in view of approaching meeting full cabled summary seems desirable.

Paragraph 1 emphasizes that British Government "have always been aware of the natural concern which any stringency in the rubber market is regarded in the United States and they are at all times willing to give careful consideration to representations coming from United States rubber interests, all the more so since these interests are the best customers of the British rubber producers".

Paragraphs 2, 3 and 4 refer to setting up of Rubber Committee and mention that it is only British delegates to Committee over whom British Government have some measure of control and that they alone cannot secure fixation of any particular rate of release.

Paragraphs 5 to 14 are devoted to refuting American Government's contentions by analyzing and emphasizing part played by Consumers Panel. "If then it can be shown that the Committee throughout 1936 acted in close agreement with the advice of the Consumers Panel it would be difficult to maintain that they were no longer following the same policy as in the period to the end of 1935, or that their policy could have been considered by the Consumers Panel as other than moderate and reasonable." In this connection it is pointed out that "up to the end of October 1936 the Committee and the Consumers Panel were in close agreement as regards all measures taken to that date". The defense of what happened after that time is varied, mention being made of wrong estimate of consumption of the American Rubber Manufacturers Association; that "towards the end of November rising prices and the possibility—now seen by all concerned for the first time—that consumption would largely exceed the estimate"; "the fact that the Committee considered that more rubber could not be produced at such short notice than the amount corresponding to the rates of release actually fixed". It concludes therefore "that thus at the end of December 1936 the position which had arisen had been foreseen neither by the Consumers Panel nor by the Committee" and that it was not until the meeting called on January 26, 1937 to recon-

²⁵ Note No. W4455/97/50 of March 11; copy transmitted to the Department by the Ambassador in his despatch No. 2932, March 15, not printed.

²⁶ Not printed.

sider situation that "for the first time a divergence appeared between the views of the Consumers Panel and of the Committee". It is maintained that Committee was then right in refusing to follow advice of Consumers Panel for they "had good reason for believing that the rate of increase on which they decided is the highest which producers can work to at the present time."

Paragraph 15 remarks that rubber is not factory product and terms as remarkable achievement increase of 31 per cent envisaged for 1937 over 1936. "The essential difficulty at present is that sudden and unforeseen increase in demand unforeseen by Consumers Panel or Committee coincided with special circumstances rendering rapid despatch of rubber more than usually difficult." After enumerating certain of these difficulties including speculation in commodities it is stated "no control scheme which is unsupported by the possession of large stocks under the controlling authority can control such a situation fully over a short period; and it is common knowledge that speculative movements of this kind occur periodically whether a control scheme is in existence or not and often irrespective of the long term position."

Paragraph 16 emphasizes that Committee's costing figures "do not support your contentions that 7-1/2d is a fair price for the efficient producer and during 1936 a price substantially higher would be more in accordance with the facts. It should not be forgotten that the equitable price level is a varying level depending on the rates of release, the cost of labor and many other changing factors . . .²⁷ it can hardly be said that the present price level which at the date of your letter had lasted barely 2 months, although it is admittedly higher than the fair and equitable level for the efficient producer as determined on the Committee's costing basis, has so far placed an undue strain on the consumer."

Paragraph 17 expressed British Government's confidence that Committee is taking and, supported by advice of Consumers Panel will continue to take, all practical measures in its power to deal with present situation and they expect that in short time the supplies of rubber will equal and then exceed demand.

Paragraph 18 expressed opinion that there is no necessity for altering personnel of Committee or provisions for safeguarding consumers' interests. At same time British Government offers to consider any proposals which the United States sees fit to forward for increasing flexibility of scheme or of securing at all times adequate supplies and if acceptable would recommend such schemes to consideration of other parties concerned. "His Majesty's Government would for instance be prepared to suggest to them that a representative of your

²⁷ Omission indicated in the original.

Government should be invited to join the Committee and to attend its meetings."

Paragraph 19 as follows: "I trust therefore that the foregoing observations will meet the misgivings which prompted Your Excellency's Government to address to His Majesty's Government their note of the 15th February. In view of the policy of the United States Government with regard to cotton, wheat, copper, sugar, etc., I cannot believe that the principle of regulation is in itself objectionable to them. So long as such regulation is able to maintain prices at a reasonable level and to provide alike against abnormal scarcity and excessive production, I venture to assume that your Government will accept such action as being consonant with their own policy; and from the point of view of world trade generally I believe that they will agree that some regulation of the production and marketing of raw materials is on the whole advantageous. In view of these considerations and of the practical suggestions which I have been able to make in the foregoing paragraph of this note, I trust that your Government will be able to reassure themselves, and American rubber consumers in general, that the work of the International Committee has on the whole been beneficial, that it cannot be regarded as mainly responsible for the recent and possibly excessive rise in the price of the commodity, and that it is desirable that it should continue its activities in the future along the same general lines of policy as hitherto."

Viles and Blandin called yesterday at Embassy and in course of conversation reported that Sir John Campbell had gotten in touch with them immediately upon their arrival in London and in course of talk referred again to desirability of rubber interests for their own good insuring that the United States Government keep its hands off the situation. He also mentioned that he hoped that they realized he was only the Chairman of the Committee, that decisions did not remain with him and it was increasingly difficult for him to carry Committee with him and that therefore he was not personally responsible for its decisions. Later he suggested to Viles that no useful purpose would be served in advising this Embassy of above. May I venture to point out that in regard to British note, (1) there is no reference to the representations made under the Department's instructions particularly that of September last which contained a clear warning;²⁸ (2) that it would be highly desirable to place a reply on record before forthcoming meeting particularly if it can be in measure related to discussions of raw materials; (3) the final sentence in paragraph 15 quoted above may mean that the British authorities are contemplating the setting up of buffer pool (see 1934 correspondence) which would be a

²⁸ *Foreign Relations*, 1936, vol. I, p. 504.

useful defense reserve for them; (4) the statement that "the Consumers Panel bears at least equal measure of responsibility with the Committee" is extraordinary in view of arbitrary manner in which American Government's 1934 suggestions on consumer representation were turned down. I gathered from Viles and Blandin that Campbell is doing all he can with a view to getting Consumers Panel to endorse action to be taken at forthcoming meeting. In view of this note Department may care to instruct me to discuss the pertinent parts regarding the attitude of the Consumers Panel with Viles and Blandin. It might be mentioned that the common gossip on London Stock Exchange is that the Malaya plantations at least cannot produce any more rubber for some time and that almost all the companies have falsified their production figures. Consequently there is much talk of rubber being at 1 shilling 6 pence in the ensuing months.

BINGHAM

856D.6176/400 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, March 13, 1937—2 p.m.

83. Your 139, March 12, 7 p.m. Please say to the British authorities that we are reserving full comment and analysis on their reply until we have the full text and have had time to study it carefully. We wish however to immediately convey to them some observations regarding a few of the most salient aspects of the immediate situation. The Department agrees with your suggestions that it is highly desirable to do this and to place a written reply on record before the forthcoming meeting. This reply should include the following points:²⁹

(1) That the British communication seems to stress out of proportion any degree of concurrence the Consumers' Panel may have given to any of the decisions reached by the International Rubber Committee. From the very beginning the consumers representatives have felt that their role and the method by which they were permitted to participate in the deliberations of the Committee fell far short of what was necessary for effective representation. (In this connection, if no unwise delay is thereby incurred, please discuss fully with Viles and Blandin the attitude of the Consumers' Panel.)

(2) Furthermore, from the very origins of the scheme this Government has expressed to the British Government doubts as to the effectiveness of consumer protection. Beginning last September it put before the British Government with seriousness its views in regard to the prospects for rubber supplies and prices, and suggested adequate and immediate action. It cannot be maintained therefore that the

²⁹ A note in the terms of the Department's instruction was sent on March 15 by the American Ambassador to the British Secretary of State for Foreign Affairs.

present situation was unforeseen by all parties concerned, or that the failure to take adequate action is shared between the interested parties, including this Government.

(3) With reference to the allegations that rubber is not a factory product, that exceptional difficulties are expected to be presented in securing rapid despatch of more rubber and that "no control scheme which is unsupported by the possession of large stocks under a controlling authority can control such a situation fully over a short period", please make the following observations:

(a) Quote paragraph 3 (b) of the Foreign Office's note of April 26, 1934,³⁰ which recites the "several factors in the scheme on which the United States can rely for rapid price protection in the event that temporary fluctuations occur."

(b) That in its earlier communications this Government fore-saw the development of this particular situation and cited it as requiring adjustment in the operation of the scheme, and it now wishes to cite it as indicating the need for some basic revision of the scheme.

(4) That the responsibility of the British Government seems to be more extensive than that described in paragraphs 2, 3 and 4. It is true that the British Government has some measure of control only over the British delegates, but these may be assumed to have a most important if not decisive role in the decisions of the Committee. Furthermore, the whole operation of the scheme rests completely on legislative action, supported by penalties, enacted by British governmental authorities. Without such direct governmental powers the Rubber Committee could not possibly operate any control scheme.

(5) Irrespective of the extent to which this Government may agree with the observation of the British Government that "so long as such regulation is able to maintain prices at a reasonable level and to provide alike against abnormal scarcity and excessive production", the principle of regulation is not in itself objectionable, it cannot agree that the operation of the rubber restriction scheme has during recent months satisfied these criteria.

(6) This Government of course does not wish to protract unnecessarily the argumentative interchange of views and judgments with the British Government on this subject. The forthcoming meeting affords opportunity to the British Government to bring it about that the present situation is remedied and that the bases of the plan are revised in such a way as to guard against further abnormal situations. It most earnestly again asks the British authorities to consider all the necessary steps in that direction. Messrs. Viles and Blandin are now in London prepared to present and discuss detailed suggestions to that end.

(7) Action which will immediately guard against a price for rubber decidedly out of line with computations of reasonable profit and reasonable price for consumers, and which will give assurance that adequate stocks will be available in the future will forestall a situation which is almost certain to influence worldwide judgment as regards the attitude of the British authorities on the whole raw materials question.

³⁰ *Foreign Relations*, 1934, vol. I, p. 653.

In view of your repeated reports that Sir John Campbell is again giving warning against the activities of this Government in the matter, you may within your discretion say to Mr. Eden or the Colonial Secretary that such a position on the part of Sir John Campbell seems unjustified. In the origins of the scheme, in the formal assurances that have been given by the British Government to the American Government, and in interest which this Government must necessarily have as representing the largest rubber consuming country of the world, it considers that it has every fair reason for taking a constant interest in the development and results of the rubber restriction scheme.

In drafting the actual communication please use your discretion as to how closely to follow the suggested language, and as to whether to include everything above presented.

The Department has discussed all phases of the situation with complete frankness with Messrs. Viles and Blandin and the Embassy may do the same within its discretion.

HULL

856D.6176/403 : Telegram

The Minister in the Netherlands (Emmet) to the Secretary of State

THE HAGUE, March 15, 1937—4 p.m.
[Received March 15—2:50 p.m.]

20. Messrs. Viles and Blandin have just had a satisfactory talk with Dr. Colijn and Van Gelderen in my presence. The Premier agreed to all practical suggestions made and instructed Van Gelderen to support them in tomorrow's committee meeting in London. He could only agree in principle, however, to Mr. Blandin's suggestion of an immediate creation of a large buffer or cushion reserve stock, insisting that this was a long range proposition which was not feasible for the moment. He had no objection to 90% of free rubber for the second half of this year and agreed with the idea that authentications might be issued by the Committee which would serve to discourage speculation. Such a statement will be discussed tomorrow morning but it is difficult to believe that it will be adopted as suggested by Messrs. Viles and Blandin, severely denouncing present rubber prices and announcing that it is the purpose of the Committee to reduce the price. Dr. Colijn and Van Gelderen repeated their general assurance with emphasis and insisted that everything possible was being done to rapidly increase production in the entire East Indies area and that the figures for March would prove that this was the case although January and February fell below the quota limits. They insisted, however, that the statistical position was not as serious as outlined by

the American consumer representatives, that in any case world rubber stocks had not fallen below 400,000 tons but added that the price of rubber was too high and that they were willing to do anything within their power to bring it down. Messrs. Viles and Blandin were fully satisfied with what they were told.

EMMET

856D.6176/407 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, March 25, 1937—6 p.m.
[Received March 25—2:02 p.m.]

171. Foreign Office has asked Atherton³¹ and Butterworth³² to meet with Colonial and Foreign Office representatives under chairmanship of Assistant Secretary of State on Tuesday, March 30, at 3 o'clock to discuss rubber situation.

BINGHAM

856D.6176/407 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Bingham)

WASHINGTON, March 27, 1937—3 p.m.

108. Your No. 171. The Department suggests that in the conferences with the British Government on Tuesday regarding the rubber situation, Atherton and Butterworth, while expressing full appreciation of the willingness of the British Government to consider our presentations, maintain firmly the view that the situation still awaits effective remedy and action on the part of the British Government. Of course, if the British authorities have arranged this meeting in order to inform the Embassy of certain prospective changes in the plan or program, Atherton and Butterworth will be guided by the course of the discussion in the presentation of their views.

The behavior of the rubber market since the last meeting of the Committee is additional proof of the comparative shortage of rubber that has resulted from the operations of this scheme, of the tendency to exorbitant prices and of the speculative character of the market, which is bringing huge gains to speculative interests at the expense of the American consumer. The position of American rubber-using industry today is, according to the Department's information, more un-

³¹ Ray Atherton, Counselor of Embassy.

³² William W. Butterworth, Jr., Second Secretary of Embassy.

easy than at any previous time, and critical judgment is continuing to rise.

The Department will shortly forward a reply to the British note of March 11³³ and endeavor to put forward certain precise suggestions. However, it believes that the proper method of presentation remains the continued insistence upon the responsibility of the British and Dutch Governments for the operation of the restriction scheme and consequently the immediate obligation that rests upon them for formulating and applying measures which will ease the existing situation, bring prices back to a reasonable level, and provide more adequate safeguards for the future results of the restriction plan.

Incidentally, should the British authorities endeavor to explain the trend in rubber prices as merely part of a general world-wide trend in raw material prices, you may emphasize the fact that the rise in price of few, if any, raw materials has been as marked as that of rubber; that this increase in the price of rubber has come about with a much smaller increase in proportional demand than in the case of most of the other raw materials; and that the gap between present market price and average cost of production is exceptionally great. But it is probably advisable not to let the British authorities transfer the question into this complex field of price comparison.

HULL

856D.6176/409 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, March 30, 1937—6 p.m.
[Received March 30—3:50 p.m.]

179. The discussion of the rubber situation was mainly occupied by Sir John Campbell's reiteration of the points made in the British Government's note (see my 139, March 12, 7 p.m.).

In addition he particularly stressed that the failure of the American manufacturers to live up to an alleged agreement to make regular purchases beginning in the early summer of 1936 had prevented the Committee from increasing the quota at the following meeting and in turn contributed materially in creating the present situation.

It was also stressed that everything possible was being done in the immediate situation by the Rubber Producers Committee to increase world rubber supplies.

Atherton and Butterworth abided strictly by the Department's instruction 108, March 27, 3 p.m. and maintained the viewpoint that the

³³ Not printed; for summary, see telegram No. 139, March 12, 7 p.m., from the Ambassador in the United Kingdom, p. 894.

American Government's attitude remained in seeking fulfillment by the British Government of the assurances given in 1934.

In the course of the discussion it was emphasized by Campbell more than once that the price the Producers Committee considered fair and equitable was 9 pence which had been arrived at by an elaborate costing system which in turn had been approved by the Consumers Panel.

BINGHAM

856D.6176/405

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

No. 1705

WASHINGTON, April 23, 1937.

SIR: Reference is made to the Embassy's despatch No. 2932 of March 15, 1937, transmitting copies of the note of the Foreign Office dated March 11, 1937,³⁸ in reply to the Embassy's note of February 16 with regard to the rubber situation.

There is enclosed herewith the text of a note in reply to the Foreign Office's note which you are requested to transmit as a formal first person note.

In addition, you are requested to continue upon all appropriate occasions to keep before the appropriate officials of the British Government the serious interest of this Government in the operation of the international rubber restriction scheme.

In connection with the references in the note to local conditions as a limiting factor in production, you are requested to point out orally that it is reported that Sarawak has declared a tapping holiday from April 11 to May 10, 1937. Thus while it is contended in the Foreign Office's note that it is no use increasing permissible quotas beyond a reasonable appraisal of actual production possibilities, there appears to be little or no disposition to take advantage of the possibilities in those areas which could produce more; but in fact action is taken for a complete cessation of production in one area in the face of the existing world stock situation.

The Department is also informed by the Trade Commissioner at Singapore that the consensus of opinion at the present time is that Malaya can produce the rubber quota for the remainder of the year notwithstanding labor conditions, providing the Government insists that producers meet their assessments or have them reduced. Although this Government would prefer not to become involved in actual details of administration or of revision of the rubber scheme, you may make such discreet use of this information as seems desirable

³⁸ See footnote 25, p. 894.

to you in connection with numbered paragraph 14 suggesting closer coordination between the decisions of the local governments and those of the Committee.

You will note that in numbered paragraph 16 of the note enclosed herewith, it is urged that the Committee increase the rates of release for the last half of 1937. For your confidential information the American representatives on the consumers' panel will probably present a vigorous request at the meeting of the Committee on May 25 for a revision of the quota for the last six months of 1937 from 90 percent to not less than 95 percent. This Government concurs in this request and if inquiries are addressed to you in connection with the suggestion in paragraph 16, you may indicate that such a rate of release is the minimum which would appear adequate to this Government.

Very truly yours,

CORDELL HULL

[Enclosure]

*Text of Note to the British Foreign Office*³⁷

On March 15, 1937, upon instruction from my Government, I conveyed to you some preliminary observations on some of the more salient aspects of your note of March 11, 1937 (No. W 4455/97/50) in reply to this Embassy's note of February 16, 1937, with regard to the situation which has arisen with respect to stocks and prices of rubber and to the deep concern of my Government therein. At the same time I indicated that fuller reply would be made when the text of your note had been received in Washington and opportunity had been had for its study. I am now instructed to submit the following comments:

1. The United States Government is led to continue this exchange of views and opinions regarding the operation of the rubber restriction scheme not for the purpose of establishing responsibility for the existence of the present situation in the rubber market, but because the interest of its citizens in having assurance of adequate supplies of rubber at a reasonable price is so great. The United States customarily consumes more than half of the world's rubber production. The enterprises which purchase this rubber have found themselves faced since the inauguration of the scheme with a continuous rise in the price of rubber up to a point well beyond any calculations of costs of production. They have witnessed a substantial decline in available stocks. They have been faced with the uncertain prospect that these developments might continue further at great cost to the American consumer

³⁷ Transmitted by the Ambassador in the United Kingdom to the British Secretary of State for Foreign Affairs as the Embassy's note No. 2520, May 1, 1937.

and at a great potential loss to American interests. In the face of these circumstances, they have found various occasions when in their judgment the International Rubber Regulation Committee did not give adequate consideration to their presentation of the situation. In consequence there has been, and there remains, continued apprehension, natural to a situation whose past development has been as described, and which places the American consumer far more conclusively at the mercy of producing interests than in the ordinary market for an uncontrolled commodity.

2. This situation will not change until experience has demonstrated the complete willingness and ability of those in control of the rubber regulation scheme to provide such adequate supplies that world stocks can be built up at prices lower than those now existing and until the future maintenance of a supply and price situation more stable and reassuring than the present one is established.

3. Therefore, this Government sincerely hopes that the expectation of his Majesty's Government that "in a short time the supplies of rubber will equal and then exceed the demand" will be found to be justified. It has noted the subsequent action of the International Rubber Regulation Committee in the meeting of March 16, 1937, increasing the rate of permissible exports for the last half of 1937 to 90 percent of the basic quotas. The fact, however, that after more than five weeks since this decision was announced rubber prices are still above a reasonably remunerative level to producers is clear evidence that the situation had been allowed to get sufficiently out of control that even this action was not adequate.

4. It is believed that in the note of March 11, 1937, the degree of concurrence of the consumers' panel in many of the decisions reached by the International Rubber Regulation Committee has been unduly stressed. On the basis of information available to it, the United States Government finds significant instances in which the consumers' representatives found themselves unable to concur in the decisions which the Committee reached. From the beginning the American consumers' representatives in their attendance at the meetings of the Committee have felt themselves in a subordinated role in which they were required to adjust their requests to their anticipations of what the interests controlling the Committee would be willing to consider, without too severely straining their relations with the Committee. At various times, according to the reports received by this Government, they have been faced with clear intimations that in the event the presentations made either by them or by this Government went beyond what seemed reasonable to the controlling interests of the Committee, their future chances of getting consideration from the Committee would be impaired. This is recited not for the purpose of criticism, but in

order that the British Government may appreciate the atmosphere in which from time to time the Consumers' Panel has felt itself acting, and also as a partial explanation of what may have appeared to the Committee as concurrence.

5. It will be remembered that the consumers' representatives are entirely without vote and that they have generally participated in the discussions only after preliminary agreement has been reached by the producers on the Committee. In the opinion of this Government, the present arrangements do not adequately fill the criterion of consumer protection which was laid down in Section 3 (*d*) of the general resolution of the London Monetary and Economic Conference of 1933.³⁸ It is natural that the inadequacies of consumer representation should become clear only at times when developments in the market situation were of unusual character, such as have occurred subsequent to the middle of 1936.

6. Furthermore, regardless of the concurrence of the advisory panel in decisions of the Committee, this Embassy, upon instruction, presented orally to Sir John Campbell on September 24, 1936, the concern of the United States Government over the prospects that the then concurrent rate of release of crude rubber was not sufficient to meet the consumption requirements of the world and that as a result world stocks had been declining even more rapidly than anticipated and had reached a point where they created the possibility and danger of inadequate supplies and unreasonably high prices. These views the United States Government has continued to press in London and at The Hague, both formally and informally, with the utmost seriousness. It was foreseen clearly by this Government and should have been equally evident to the Committee that unless more prompt action were taken there would be a progressive depletion of stocks and corresponding increases in prices of rubber. In view of this record the United States Government cannot concur in the statement that it was not until towards the end of November that rising prices and increased rate of consumption were "seen by all concerned for the first time". Had the September warning of this Government been heeded, more prompt action on the part of the Committee could undoubtedly have resulted in the earlier increase of production and shipment. Such action could have arrested the decline of world stocks before they reached a point deemed inadequate by producers and consumers alike and would have been reflected by now in releases equal to current consumption.

7. A considerable amount of stress is placed in the note of March 11 upon the fact that world consumption in 1936 exceeded estimates by

³⁸ For correspondence concerning this Conference, see *Foreign Relations*, 1933, vol. I, pp. 452 ff.

approximately 50,000 tons. The fact that a difference of 50,000 tons or less than 3 weeks' consumption could deplete stocks sufficiently to cause so marked a rise in price is of itself sufficient evidence that the plan has not been administered with adequate provision for stocks against just such a contingency. In this connection it may be recalled that in paragraph 3 (b) of the Foreign Office's note of April 26, 1934,³⁹ it was stated:

"There are several factors in the scheme on which the United States can rely for rapid price protection in the event of temporary fluctuations occurring. In the first place, both dealers and producers will be allowed, under the plan, to hold stocks of very considerable size. In the second place, it would be open to the Committee if the scheme comes into operation, (when stocks are approaching normal) to set up a buffer stock analogous to the proposed tin buffer stock. The members of the Committee, who it should be noted would be plenipotentiaries, and therefore able to vary the export quotas at short notice, would then have ample resources on which to draw in order to deal with temporary price movements. The existence of considerable stocks in the hands of producers and dealers, the power of the Committee to increase the quotas rapidly, the possible creation later of buffer stocks, the pressure from producers to be allowed larger export quotas, and the constitution of the Committee, should, as I am sure Your Excellency's Government will agree, provide adequate safeguards against any artificial scarcity."

8. In justification of the refusal of the Committee to adopt the advice of the consumers' panel at the meeting of January 26, 1937, it is stated that the governments chiefly concerned, as well as the representatives of the chief producing areas, concurred that a further increase in the rates of release would not secure the attainment of the objectives desired. Your note further recalls that "rubber is not a factory product. Production cannot, in the nature of things, be very rapidly increased". Awareness of this fact emphasizes all the more the inadequacy of the Committee's action at the October meeting in deciding to set the rate of release at 70 percent for the entire first half of 1937 instead of 70 percent for the first quarter and 75 percent for the second period as suggested by the advisory panel. Had this higher objective been set at that time and had plans been laid in producing areas in accordance therewith, it would have been easier at the December meeting for the Committee to have set (say) rates of 75 percent and 85 percent for the first two periods respectively with some assurance that these rates of release could be met. This would, over the first six months, have averaged out to the rate of production which the advisory panel felt in December to be the minimum to be justified by the prospects of stocks and con-

³⁹ *Foreign Relations*, 1934, vol. I, p. 653.

sumption and with which, according to your note, the Committee did not disagree. Further, if it is correct that production cannot be rapidly increased, it must be obvious that consumers will necessarily come to place less confidence in the usual proviso of the Committee, when setting its rates of release, that its decisions as regards permissible exports may be revised from time to time, if for any reason this should, in its opinion, be desirable.

9. In this connection also it is pertinent to refer to the assurances given in paragraph 3 (c) of the Foreign Office's note of April 26, 1934, that

“a cardinal feature of the scheme now proposed is its flexibility. There will therefore be no danger of any situation arising, such as occurred under the Stevenson plan, the rigidity of which was one of the causes of its breakdown. Under the Stevenson plan the release of further supplies of rubber was contingent on prices reaching a certain level and was attended by considerable delay and consequent inconvenience to consuming interests. Under the present scheme, on the other hand, exports will be determined by demand. The Committee will be able to vary the export quota[s], without delay, in accordance with the increase or decrease in demand, and the working of the scheme should be such as to prevent any violent price movements.”

10. From the assurances in paragraphs 3 (b) and 3 (c) of the note of April 26, 1934, cited above, it is evident that at that time there was awareness of the necessity that ample provision be made, through the maintenance of adequate stocks, for meeting situations which might be occasioned by increases in demand and by the lag in the responsiveness of production to such increases. Such provision, however, has not been made.

11. The United States Government further believes that the responsibility of the governments concerned in the rubber restriction scheme is greater than that which seems to be indicated by your note with regard to the British delegates over whom “His Majesty's Government have some measure of control”. I may recall that in a note from the Foreign Office, dated March 23, 1934,⁴⁰ that is before the present restriction scheme was adopted, it was stated that:

“It is the governments, and not the producers, who will appoint the international committee that is to operate the scheme; . . . The Control scheme will be worked, not by producers, but by officials appointed by, and truly responsible to, the governments mentioned above.”

It is also necessary to recognize that the whole operation of the rubber regulation scheme rests completely on legislative action, supported

⁴⁰ For text, see telegram No. 127, March 23, 1934, from the Ambassador in Great Britain, *Foreign Relations*, 1934, vol. 1, p. 637.

by penalties enacted by the authorities of the respective governments concerned and that without such direct governmental powers no control scheme could possibly be operated with respect to rubber. This was recognized in the note of March 23, 1934, which stated:

“. . . the effective scheme must be one agreed, not by the private interests, but by the governments concerned. The governments therefore (which in addition to His Majesty's Government include the Governments of the Netherlands, Indochina, Sarawak, North Borneo and Siam) must first accept the scheme and agree to put it into effect.”

12. With reference to the question of a “fair and equitable price, reasonably remunerative to efficient producers”, the United States Government would appreciate an expression from His Majesty's Government as to what it considers such a price to be in present circumstances. It is noted that the price obtaining in the middle of February, 1937, “is admittedly higher than the fair and equitable level for the efficient producer as determined on the Committee's costing basis”, but that such a price would be “substantially higher” than 15¢ (7½d.) per pound. It may be recalled that the United States Government made this same inquiry when the present restriction scheme was being set up in 1934 and that it was replied that “such a price has not been determined nor is it possible to do so”; that such a price depends on the degree of restriction which in turn depends on the demand and the cost of production. While the United States Government is not unaware of increases in the general level of costs, wages and prices over the past years, it cannot fail to point out that without definite objective criteria the concept of what is a satisfactory price tends to change with prices themselves. It also understands that, over a period of time, the unit cost of production is lessened as the rate of production increases. Furthermore, it draws attention to the fact that with prices substantially below existing levels or even below 15¢ a pound, a large part of the rubber producing companies were able to pay satisfactory dividends.

13. The United States Government much appreciates the willingness expressed by His Majesty's Government to consider any proposals which might be made to increase the flexibility of the scheme and to secure at all times adequate supplies. It does not believe that it would be appropriate for it to make suggestions as to details of operation and administration, but it does believe that the experience of recent months, together with some of the explanation advanced in the Foreign Office's note under reply, serves clearly to indicate justification for the suggestion that the whole basis of the present scheme should be examined at an early date in order that it may make more adequate provision for ample stocks and that it may be more adequately adapted to meeting increased demands for rubber. The Committee and the

governments concerned have the responsibility of so determining the course of supply from existing capacity that adequate supplies may always be forthcoming at reasonable prices. Furthermore, the continued operation of the scheme is bringing to the fore the question of whether provision for new planting may not soon become essential. So far the restriction control scheme has operated in only one direction: to raise price and reduce stocks. The interests and governments which control the scheme must prove that the control is able to operate in the other direction as well: to keep the price reasonable and supplies adequate. There is small comfort to the purchasers of rubber in the fact that the failure of the control to work may be excused by local conditions; those who assume the responsibility for control must also assume the responsibility for local conditions.

14. It has come to the attention of the United States Government that the regulations of the local government control authorities have not always been adjusted so as to give full and prompt effect to the decisions of the Committee. Unless the local controls are so administered that each area is able and permitted promptly to respond to increases in the rates of permissible exports, action by the Committee cannot alone suffice to assure supplies and prices of rubber. When all major producing areas are under control, failure of any one to fill its allotment acquires a significance for world supplies which does not obtain when alternative sources of supply may be freely drawn upon. The suggestion is ventured therefore that the Committee and the governments concerned may wish to give consideration to the question of better coordinating the administrative control in the several producing regions with the decisions of the Committee.

15. The record of the past several months clearly demonstrates that a basic requisite of a stable price level for rubber is the existence of sufficiently large stocks to discourage speculative movements. This is also recognized in your note of March 11, 1937, which states, "No control scheme, which is unsupported by the possession of large stocks under the controlling authority, can control such a situation fully, over a short period; and it is common knowledge that speculative movements of this kind occur periodically, whether a control scheme is in existence or not, and often irrespective of the long-term position". The fact that, as your note points out, all commodities, controlled or uncontrolled, have been subject to sudden changes in demand, gives all the more force to the suggestion that a control scheme which aims not only at a reasonably remunerative price but also at a stable price should make ample provision for just such contingencies which may be expected to occur but whose timing may not be exactly predictable. Whether the larger stocks, for which the need is clearly indicated, should be permitted to be carried outside the regulated areas, or by

dealers or producers in the regulated areas, or in the form of a buffer stock under the control of the Committee and at its financial risk, are details which would be more appropriately decided by the Committee.

16. Meanwhile, the United States Government again urges most strongly that the British Government instruct its delegates on the Committee to seek to secure rates of release which will impose no restriction upon the maximum possible output, consistent with orderly production, until world stocks are restored to a level substantially higher than those prevailing at present and, in any event, not less than six months' anticipated consumption. Although it cannot be denied that the rates of release provided for the year 1937 are notably in excess of those for the preceding year, it must be recalled that estimates of consumption are also greater, that the rates of release in 1936 were adjusted to a further diminution in world stocks, and that the base from which the comparison of increased release is made is thus an artificially low rate. Even if world production of rubber reaches the rates of permissible exports now envisaged and if world consumption does not exceed present estimates, there will be added to world stocks in 1937 only some 60,000 to 80,000 tons over the stocks at the end of 1936. A restoration of world stocks to around 500,000-525,000 tons would, in the opinion of the United States Government, still be insufficient to give firm assurance that the experience of recent months could not be repeated, and it is for this reason that it urges that the Committee increase the rates of release for the last half of 1937.

17. With reference to the strengthening of provisions for safeguarding consumers' interests, it is not believed that any useful purpose would be served by the addition of a representative of the United States Government if he were to act merely as an adviser and observer as do other members of the consumers' panel. Neither is it believed that any substantial improvement could be achieved by increasing the powers of the consumers' representatives by, for example, extending full voting privileges to them, so long as the representation remained numerically unequal between producers' and consumers' representatives, as it is at present. It is suggested, however, that every effort be made to assure that members of the advisory panel are consulted before the definite crystallization of opinion and judgment in the Committee and that they be permitted to join in all discussions of the Committee rather than only those portions of the meeting to which they are now admitted.

18. The United States Government is by no means certain that the worst phases of the threatened shortage of rubber have passed and that arrivals of rubber in the principal consuming countries will soon

equal the current rates of consumption and will, in addition, permit a beginning in the recovery of world stocks toward an adequate level. It hopes, however, that it will be made abundantly clear by the Rubber Committee that it is the firm intention of the Committee to maintain production and stocks at such levels that the present situation cannot again arise. The simplest test will be the course of the price of rubber. As your note suggests, the principle of regulation of an important raw material in the interest of orderly supplies and reasonable prices fair alike to producers and consumers is not of itself objectionable to the United States Government. It feels that the administration of the rubber regulation scheme at least temporarily failed to meet these criteria and it is still apprehensive that the scheme, unless further revised, does not contain adequate assurances that it may not fail again. It feels that its repeated expression of concern when the plan was first under consideration has been amply justified and it is for these reasons that it has again continued to press its point of view upon His Majesty's Government.

19. Finally, the United States Government wishes again to refer most earnestly to the importance, particularly at the present juncture in world affairs, of avoiding by all practicable means any appearance of unreasonable restriction upon the supplies of basic raw materials. If it appears that a commodity as important as rubber is being regulated with a view to inordinate gains, even though the supply is restricted impartially to all consumers alike, the discontent of those areas which find themselves largely dependent upon other countries for their raw materials cannot fail to be enhanced, and the confidence of peoples of all consuming countries that the materials essential to satisfactory conditions of life can be obtained on reasonable terms through the peaceful methods of trade will be weakened.

856D.6176/428a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, May 17, 1937—7 p.m.

182. Viles, President of the Rubber Manufacturers Association, will attend the forthcoming meeting of the International Rubber Regulation Committee in London. The Department has discussed the present situation with him fully. The American group has decided to urge upon the Committee that they further increase the percentage of permissible exports to not less than 95 percent of the basic quotas for the last half of 1937 and possibly for 100 percent for the last quarter of 1937.

From the American point of view the situation is still unsatisfactory, despite the increased movement of rubber from the producing areas. Stocks are still abnormally low. The price of rubber is still substantially above that corresponding to the cost of production including reasonable profits of efficient producers; the market situation is still too much under the control of dealers and speculative elements. Under these circumstances the American manufacturers cannot bring their stocks up to an adequate and safe point without immense business risks. The responsibility still rests upon the controlling governments to bring it about that large rubber supplies are made available during the rest of this year to make it safe and feasible for the consuming interests to acquire adequate stocks at reasonable prices.

The detailed basis of the Department's views is contained in the note sent to you in despatch No. 1705 of April 23, 1937,⁴¹ the reply to which is awaited.

Accordingly, you are instructed to give all appropriate assistance to Mr. Viles in his discussion with British Government officials.

Repeat the foregoing to The Hague with the exception of reference to despatch No. 1705.

HULL

856D.6176/444

The British Secretary of State for Foreign Affairs (Eden) to the American Ambassador in the United Kingdom (Bingham) ⁴²

[LONDON,] 29 June, 1937.

MY DEAR AMBASSADOR: The Departments concerned have been studying very carefully your note of the 1st May ⁴³ with regard to the International Rubber Regulation Committee. I am rather reluctant, especially at the present time, to continue an official controversy in which, if there is one thing that is quite clear, it is that there is much argument to be heard on both sides of the case.

I have endeavored to keep myself acquainted with the situation; but my principal concern is, and will always be, to see that this delicate question of rubber prices does not lead to ill-feeling between our two countries.

The present difficulty has arisen, so far as I see it, mainly from the fact that rubber prices took a sharp upward turn towards the end of last year; and this, of course, happened not only with rubber but with all, or nearly all, raw materials. That such prices should rise has

⁴¹ *Supra.*

⁴² Copy transmitted to the Department by the Ambassador in his despatch No. 3170, July 1; received July 9.

⁴³ *Ante*, p. 903.

been the avowed policy of both our Governments. The reverse side of the picture shows that we both have to pay more for supplies bought from abroad. In this country we have to pay more for raw materials imported from the United States.

The disconcerting element has been that some months ago prices rose not gradually, but steeply and suddenly, and that speculation played a considerable part in the rise, though it has now been somewhat checked.

One special factor in the rubber situation seems to be that during a considerable part of 1936 everyone, including producers, manufacturers, and authorities outside the business, had miscalculated the demand for rubber which arose towards the end of the year. The Regulation Committee therefore found almost overnight that releases which everyone had considered ample became insufficient. Since that time they have done their best to remedy the situation, and actually rubber exports this year from the controlling countries should exceed those of 1936 by something like 335,000 tons or 40%. This, as I think you will agree, shows the great degree of flexibility in the scheme. But rubber is not a commodity the supply of which can be increased indefinitely at a moment's notice, and some delay must elapse before the position is fully restored.

I enclose for your confidential information the minutes of the last meeting of the Regulation Committee; and I think that, when you have studied this document, you will agree with me that the Committee are doing their best to cope with the situation fairly to all parties. You will see that it was finally agreed that the question of an increased release at the end of this year should be discussed later. I understand that the manufacturers are now content that this discussion should not take place before the end of July. Meanwhile the price of rubber has now fallen back to a more normal level.

One thing I know to be a fact; the Committee always seek the closest and most cordial cooperation with the manufacturers.

In paragraph 9 of your note of the 1st May you refer to the assurances given in our note of the 26th April, 1934. Such assurances were, of course, assurances as to the motives and considerations which prompted His Majesty's Government to support the Regulation scheme; while I know that they are at all times present to the minds of the British members of the Committee, they were not assurances that we would or could intervene in the work of an international committee, in order to dictate what should be their policy. The committee have, admittedly, been confronted by very abnormal conditions; and I consider that, in the circumstances, they have done their best to be guided by the principles referred to in that paragraph of our note to which you draw attention. The scheme has not run into the dan-

gers of the Stevenson plan; exports are and will be determined by demand; and the export quota is being varied as circumstances dictate. The scheme in fact has proved, and is proving, its flexibility. If the events of the last few months have put a real strain upon that flexibility, that is because demand expanded with a rapidity which was wholly exceptional and unexpected. If the scheme has succeeded in weathering so unusual a storm without a more severe crisis, I feel that it should be able to cope with any emergency in a manner that is fair to all. I am quite sure that there is not, anywhere, any desire to extort an unreasonable price from the manufacturers in America or elsewhere.

Yours sincerely,

ANTHONY EDEN

856D.6176/444 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, July 15, 1937—5 p.m.

304. Your despatch No. 3170 of July 1, 1937,⁴⁴ transmitting the response of the Foreign Office to our memorandum regarding the operation of the rubber restriction scheme. You are instructed to present the following memorandum, making such changes in tone or language as may seem to you advisable : ⁴⁵

"My Government asks me to express its appreciation of the consideration given by the British Government to its communications in regard to the operation of the rubber restriction scheme. The latest reply of the Foreign Office which was given to the Ambassador on June 29 has been studied with care. The concern of the American Government in the matter is identical with that expressed in the note of the Foreign Office. It is this continued concern on the part of the American Government that leads to the continued and candid presentation of its views.

"The characteristics of the existing world rubber situation, despite the steps thus far taken for its improvement, remain a matter of anxiety to the American Government. Both world stocks and stocks in the United States have continued to decline up to the present time, and authorized production and exports for the remainder of 1937 afford no reasonable expectation that at the year-end the months' ⁴⁶ supply of rubber for the world will be greater than at its beginning, when prices were at a disturbingly high level. Greater stocks were proved necessary for orderliness at that time, and for reasonable security the industry in the United States needs Committee action in

⁴⁴ Not printed; see footnote 42, p. 912.

⁴⁵ Transmitted to the British Foreign Office as the Embassy's note No 2693, July 17, 1937.

⁴⁶ Among the verbal variations of the draft memorandum made in the Embassy's note of July 17, "months" was inadvertently changed to "available"; see memorandum of September 18, p. 918.

anticipation of consumption instead of action following price reactions. The industry in the United States, which buys so large a part of the total world production, is still faced squarely with the fact that it could acquire adequate stocks of crude rubber only at prices that involve great risk of loss to them in the event of future prices more nearly in conformity with the original formula of prices 'reasonably remunerative to efficient producers'. The continued absence of adequate stocks, in the face of what is a monopolistic control, therefore means continuing fear lest that control operate to keep supplies unduly low.

"All these circumstances will explain the importance in American eyes of the decisions of the future meetings of the International Rubber Restriction Committee as regards the amount of rubber to be made available in the world market.

"My Government asks me also to comment upon Mr. Eden's interpretation of the assurances given by the British Government to the American Government in its note of April 26, 1934, regarding the character and operation of the rubber restriction scheme. Its understanding of the communications of that period was to the effect that it could be well assured that the scheme could not operate unfairly to consuming interests because it so largely rested upon actions carried out under the authority and responsibility of the British and other Governments. In the light of this understanding it is somewhat disturbed by the statement in the memorandum of the Foreign Office that while the assurances extended 'are at all times present to the minds of the British members of the Committee, they were not assurances that we would or could intervene in the work of an International Committee, in order to dictate what should be their policy'. I am requested to ask whether my Government is now to understand that there can be no effective and decisive governmental supervision over the decisions of the representatives of the International Committee, most of the membership of which are directly connected with the private rubber producing interests. As my Government understands the situation, the decisions of the Committee can only become effective by virtue of official governmental actions of the British and other governments, that control of production exercised through governmental agencies is the essential instrumentality of the whole restriction scheme.

"It is greatly to be hoped that the situation will be so developed that present anxieties are quieted. These anxieties are natural in the face of serious dependence for so vital a raw material upon the decision of a combination representing all the main sources of supply. It is a matter affecting the welfare of consumers, the occupations of tens of thousands of workers in the United States, and the public mind. It is unnecessary to dwell upon the constantly developing public interest in the whole question of raw material supplies. Ever since the Conference at London in 1933 the American Government has shown its disposition to cooperate in plans for the orderly international coordination of supply and demand of products entering world markets. Its participation in the Sugar Conference⁴⁷ was the most recent indication of this disposition. At the same time it is

⁴⁷ See pp. 931 ff.

becoming increasingly convinced that if such arrangements are not to give rise to new conflicts they must favor, to the greatest extent possible compatible with the reasonable interests of producing groups, those dependent upon the supplies." (End of note.)

The British reply seems to the Department a disappointing one which pays insufficient attention to the risks involved in the present situation, particularly the Department's concern with what would appear to be the evasion of responsibility in the memorandum of the Foreign Office, which seems greatly to lessen the assurances previously given. In presenting this note to the Foreign Office and in discussing the matter with that and other branches of the British Government, you are instructed to indicate these views.

Please repeat to The Hague.

The substance of this telegram may be discussed freely with Mr. Viles.

HULL

856D.6176/454

*The British Acting Secretary of State for Foreign Affairs (Halifax)
to the American Ambassador in the United Kingdom (Bingham)*⁴⁸

No. W 15471/97/50

[LONDON,] 20 August, 1937.

YOUR EXCELLENCY: I have the honour to acknowledge the receipt of Your Excellency's note of the 17th July,⁴⁹ on the subject of the Rubber Regulation Scheme, and to inform you that His Majesty's Government in the United Kingdom have taken note of its contents, and that they are gratified to learn that the concern of the United States Government in this matter is identical with their own desire that no controversy arising out of this question shall at any time trouble the good relations happily existing between our two countries.

2. In the course of your note you ask whether the United States Government are to understand that there can be no effective and decisive Governmental supervision over the decisions of the International Rubber Regulation Committee. It is possible, I think, for you to reassure your Government on this point.

3. The Committee contains members of great administrative ability and wide general experience, as well as some of the most prominent experts on the producing side of the industry, who are thoroughly familiar with the rubber market. It has the benefit of the direct advice of a very authoritative consumers' panel, and it has also at its disposal the fullest statistical material. It is therefore in a better

⁴⁸ Copy transmitted to the Department by the Ambassador in his despatch No. 3320 of August 24; received August 31.

⁴⁹ See telegram No. 304, July 15, 5 p. m., to the Ambassador in the United Kingdom, *supra*.

position than any other body to reach reasonable and balanced decisions. Those decisions are, moreover, immediately binding upon the Governments of the rubber-producing countries. At the same time, the various delegations on the Committee are appointed by those Governments; the senior Government member of each delegation holds the vote of that delegation; and the Governments must therefore jointly accept full responsibility for the Committee's decisions. Further, as His Majesty's Government in the United Kingdom have signed the International Rubber Regulation Agreement on behalf of the British rubber producing territories (other than India and Burma), they therefore accept ultimately the share of the responsibility which rests with those British territories.

4. Your Excellency will however appreciate that the Committee is an international body; and that even if His Majesty's Government in the United Kingdom were to desire to dictate the policy of the Committee, irrespective of the views of the other signatories to the International Agreement—which, of course, they are very far from doing—they have not the power under the terms of that Agreement to make such dictation effective.

5. At the same time, His Majesty's Government have no reason to suppose that the other signatories of the International Agreement would not unhesitatingly endorse the views expressed in the last sentence of your note: namely, that if arrangements for the orderly international co-ordination of supply and demand of products entering world markets are not to give rise to new conflicts, they must favour those dependent upon the supplies, to the greatest possible extent compatible with the reasonable interests of producing groups. His Majesty's Government for their part entirely agree that this should be a cardinal principle in the Committee's policy.

6. I observe that in the second paragraph of Your Excellency's note you express the opinion that the available supply of rubber for the world at the end of 1937 will not be greater than at the beginning, when prices were at a disturbingly high level. I think that there must here be some miscalculation. The world stocks of rubber outside regulated areas at the end of 1936 were about 458,000 tons, and the London price was then 10½d per lb. By the end of June these stocks had fallen to about 403,000 tons, but the price, (it is true after rising to a considerably higher level for a brief period) had also declined to about 9½d, and it has since fallen to below 9d. If the Committee's anticipations are fulfilled these stocks will rise steadily from now onwards, and by the end of the year will have reached a figure in the region of 485,000 tons. Even if consumption is greater than is at present anticipated, it is unlikely that this figure will be much below 470,000 tons. It is clear therefore, that, according to the best infor-

mation available, stocks at the end of 1937 will probably be nearly 30,000 tons in excess of those available at the beginning of the year. A more important consideration in estimating the market prospects is a comparison between the present stock position and that at the end of the present year. If, in fact, a reduction of stocks by 55,000 tons in the first half of the year was accompanied by a fall of about 10% in the price, it is difficult to believe that an increase in stocks of about 82,000 tons or at the least of some 60,000 tons in the second half of the year can be accompanied by any substantial rise in price.

7. I do not wish to elaborate these statistical arguments; but in as much as the anxiety of Your Excellency's Government appears from the terms of your Note to arise, at any rate in part, from a study of the market position, I feel bound to correct what appears to me to be the erroneous deduction which they have drawn from that study.

8. I propose if you see no objection to circulate copies of this correspondence consisting or [of] your Notes of the 1st May and of the 17th July and my replies of the 29th June and of this present date to the Governments of the countries signatory to the Main Agreement and also to the Secretary of the Regulation Committee for the information of the Members of the Committee (excluding the manufacturers' panel) in order that they may be formally notified of the concern which the United States Government feel in this matter, and of the large degree in which that concern is shared by His Majesty's Government in the United Kingdom.

9. In conclusion, I wish to assure Your Excellency once again of the great satisfaction with which His Majesty's Government have welcomed the co-operation of the United States Government in the attempts made, since the Economic Conference of 1933, to co-ordinate supply and demand. As you have pointed out, this co-operation has been recently—and most effectively—shown in your Government's participation in the International Sugar Agreement.

I have [etc.]

(For Lord Halifax)
F. ASHTON-GWATKIN

856D.6176/464

*The American Embassy in the United Kingdom to the British
Foreign Office*⁵⁰

The United States Government concurs in the desire of His Majesty's Government not to elaborate further statistical arguments as indicated in paragraph 7 of the Foreign Office note of August 20.

⁵⁰ Copy transmitted to the Department by the Ambassador in the United Kingdom in his unnumbered despatch of October 6; received October 15.

The United States Government does desire, however, to point out that the apparent miscalculation referred to in numbered paragraph 6 of the Foreign Office note of August 20 arose from an inadvertent error in the Embassy's note No. 2693 of July 17, 1937. The words "available supply of rubber" in the second paragraph of the Embassy's note should have read "the months' supply of rubber." The thought in mind in this connection was that with the rising trend of world consumption of rubber the maximum possible addition to world stocks by the end of 1937 would still leave them no larger in terms of the number of months for which the stocks would be adequate, than were the stocks at the end of 1936.

LONDON, September 18, 1937.

INTERNATIONAL CONFERENCE FOR THE REGULATION
OF WHALING, LONDON, MAY 24—JUNE 8, 1937

562.8F2/1

The British Ambassador (Lindsay) to the Secretary of State

No. 97

WASHINGTON, March 19, 1937.

SIR: Under instructions from His Majesty's Principal Secretary of State for Foreign Affairs I have the honor to inform you that His Majesty's Government in the United Kingdom propose to hold a conference on whaling in London during April next, and to enquire whether the United States Government will be able to send a representative. I shall shortly be in a position to communicate to you the exact date on which the conference will be opened.

The object of the conference is to bring about an agreement between all the countries interested in whaling on the measures to be taken beyond the restrictions included in the Whaling Convention of 1931,¹ in order to prevent excessive and wasteful exploitation of whale fisheries in the Antarctic during the season 1937—1938. In the last season the British and Norwegian whaling companies agreed voluntarily to restrictions on the length of the season, the number of whale catchers per factory ship, the production of whale oil per factory, and so forth, as a result of protracted discussions between His Majesty's Government and the Norwegian Government; but for the coming season it is hoped to return to more systematic restriction by Government regulations. This is the more important in that Japan, who has not yet acceded to the 1931 Convention is largely increasing her whaling fleet in the Antarctic, and that Germany took part in whaling for the first time last season and will probably operate more ships next season.

In view of these considerations and as at least one factory ship and a number of whale catchers employed in the Southern Hemisphere are registered in the United States of America, His Majesty's Government earnestly hope that the United States Government will be represented at this conference. His Majesty's Governments in the Dominions, and the German, Japanese, Portuguese and Norwegian Governments have also been invited to send representatives.

I have [etc.]

R. C. LINDSAY

¹ Signed by the United States March 31, 1932; Department of State Treaty Series No. 880, or 49 Stat. 3709.

562.8F2/7

The Secretary of State to President Roosevelt

WASHINGTON, April 8, 1937.

MY DEAR MR. PRESIDENT: The British Government has extended invitations to the Governments of the United States, Germany, Japan, Portugal and Norway, and to its own Dominions, to send representatives to a whaling conference to be held in London. The date for convening the conference has been tentatively set for April 26, 1937.²

The object of the conference is to bring about an agreement between all the countries interested in whaling on the measures to be taken beyond the restrictions included in the Whaling Convention of 1931, in order to prevent excessive and wasteful exploitation of whale fisheries in the Antarctic during the season 1937-1938.

According to statistical tabulations made by the Norwegian Committee for Whaling Statistics, the relative toll of immature whales (blue) has increased materially during the past six seasons. During the 1930-1931 season, one out of every six blue whales killed was immature. During the 1935-1936 season, one out of every three killed was immature. Biologists are agreed that the present catch in the Antarctic is more than the stock can sustain.

With the concurrence of the United States Coast Guard, the Commission of Fisheries and the Smithsonian Institution, I should like to appoint the following delegation to represent this Government at the Conference:

Delegates:

Herschel V. Johnson,
First Secretary, American Embassy, London.
Remington Kellogg, Ph. D.
Smithsonian Institution.

Technical Adviser:

Lieutenant, Junior Grade, Q. R. Walsh,³
United States Coast Guard.

The expenses of Dr. Kellogg's attendance at the Conference will be met by the Department of State. Lieutenant Walsh will be in Europe at the time as he has been assigned by the Coast Guard as Enforcement Officer to accompany the whaling factory ship *Ulysses* of American registry to the Antarctic. The *Ulysses* is now outfitting in Norway.

I should appreciate if you would inform me whether the appointment of the above named persons would meet with your approval.⁴

Faithfully yours,

CORDELL HULL

² The date finally set for the Conference was May 24, 1937.

³ Lieutenant Walsh was unable to attend the Conference; Lt. Comdr. Martin O'Neill, United States Coast Guard, was appointed in his place.

⁴ Marginal notation: "C. H. OK F. D. R."

562.8F2/41 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, May 11, 1937—5 p.m.
[Received May 11—2:30 p.m.]

277. From Johnson. Embassy's 274, May 8, 2 p.m.⁵ Following is draft agenda for the International Conference on Whaling:

- “1. Opening address by the Secretary of State for the Colonies.
2. Discussion of results of the whaling season 1936–1937.
3. Measures to be taken for the conservation of the whale stock in the Antarctic—

- (a) During the season 1937–1938.
- (b) For subsequent seasons.

4. The position of countries participating in the Conference who are not at present parties to the International Whaling Convention of 24th September 1931.”

Following comments have been communicated by the Ministry of Agriculture and Fisheries in strict confidence.

“The proposals put forward by the British delegates might include the following—

- (a) Open season of 3 months from 8th December to 7th March following, south of 40 degrees south latitude.
- (b) Complete prohibition of fishing for blue and fin whales during the whole year between the equator and 40 degrees south latitude.
- (c) The length below which blue and fin whales shall be regarded as immature be agreed at 75 feet for blue whales and 55 feet for fin whales.
- (d) The number of whales to be delivered to the factory ship at any time to be not greater than can be treated by the plant therein within a period of 24 hours efficiently.

(e) The making by all countries participating in the Conference who have not ratified the International Convention for the Regulation of Whaling for [of] 24th September 1931 for [of] regulations embodying in addition to the above the general conditions regarding whaling laid down in that convention.

If the question of the number catchers to be attached to each factory ship is raised it will be necessary for the British delegation to point out that at present there is no legislation in this country which would enable this to be enforced but that the question of containing such power is under consideration and that in the event of the power being obtained His Majesty's Government are prepared to discuss such limitation for future seasons on the basis of the respective capacity of the factory ships.”

⁵ Not printed.

In conversation with officials of the Ministry of Agriculture and Fisheries I gathered the impression that they are skeptical of achieving entirely satisfactory results at this Conference and that the attitude of Japan and her apparent intention to enlarge as much as possible her present whaling industry are causing them concern. It was frankly admitted that they are very desirous of preserving the British whaling industry from serious damage through ruthless competition but they are more troubled by the prospect of ultimate extinction of the blue whale unless effective international measures can be taken for its preservation. [Johnson.]

BINGHAM

562.8F2/46 : Telegram

*The Ambassador in the United Kingdom (Bingham) to the
Secretary of State*

LONDON, May 15, 1937—1 p.m.
[Received May 15—9:10 a.m.]

289. From Johnson. Embassy's 277, May 11, 5 p.m. Draft agenda has been officially confirmed with no change except that opening address will be made by the Minister of Agriculture and Fisheries who will open the Conference at 4:15 p.m. on Monday, May 24.

Foreign Office states that the following Governments have accepted invitations to the Conference: Canada, New Zealand, Germany, the Argentine and Norway. South Africa is sending an observer. Australia will be represented by the United Kingdom delegates. Portugal has not replied to the invitation. Japan has so far declined to send a representative. [Johnson.]

BINGHAM

562.8F2/47 : Telegram

*The Ambassador in the United Kingdom (Bingham) to the
Secretary of State*

LONDON, May 21, 1937—6 p.m.
[Received May 21—2:20 p.m.]

300. From Johnson. American delegates met this morning with officials of the Ministry of Fisheries for preliminary discussion and received confirmation of British proposals as outlined in the Embassy's 277, May 11, 5 p.m.

Instructions requested by Tuesday morning if possible on the following points.

1. Under Whaling Treaty Act ⁶ and joint regulations is it possible to increase the minimum length established for immature blue whales to 75 feet;
2. May the number of killer boats accompanying each factory be restricted to a definite number;
3. May the daily catch be restricted to the number of whales that can be converted into commercial products within 24 hours?

Foreign Office has just advised that the Irish Free State will be represented at the Conference and that the Portuguese Government will send an observer. [Johnson.]

BINGHAM

562.8F2/49 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Bingham)

WASHINGTON, May 24, 1937—7 p.m.

195. For Johnson. Embassy's 300, May 21, 6.00 p.m. To raise the minimum length of immature blue whales to 75 feet will necessitate amending the Whaling Act which stipulates under Section 4 the minimum length of blue whales as 60 feet. The limitation of the number of killer boats accompanying each factory and the restriction of the daily catch to the amount that can be converted within 24 hours can be accomplished by modifying the regulations authorized under Section 5 and issued jointly by the Secretary of Commerce and the Secretary of the Treasury ⁷ for the purpose of carrying out the objectives of the Convention.

WELLES

562.8F2/56 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Bingham)

WASHINGTON, June 2, 1937—3 p.m.

215. For Johnson. Your 322, May 31, 5.00 p.m.⁸ You are instructed to propose for inclusion in final convention revision a stipulation to protect gray whale similar to that contained in Section 7 of the American Whaling Act.

HULL

⁶ Approved May 1, 1936; 49 Stat. 1246.

⁷ *Federal Register*, October 17, 1936, p. 1616.

⁸ Not printed.

562.8F2/59 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, June 4, 1937—1 p.m.

[Received June 4—10 a.m.]

345. From Johnson. The Whaling Conference was informed last night by the British Chairman that, according to advice received from the Foreign Office, the Japanese Government has signified its sympathy with the objectives of the present Conference and has said that the only reason it did not participate was lack of qualified personnel; Japan expects, however, to be represented at the next international conference on whaling. It was said that a statement signifying its sympathy with the purposes of the Whaling Conference is to be given to the Tokyo press by the Japanese Government today. [Johnson.]

BINGHAM

562.8F2/64

Communiqué Issued to the Press by the International Whaling Conference, London, June 8, 1937

The International Conference on the Whaling Industry concluded its business this morning with the signature of an Agreement for the regulation of Whaling in all waters.⁹

The Agreement was signed by the accredited representatives of the Governments of the Union of South Africa, United States of America, the Argentine Republic, the Commonwealth of Australia, Germany, the United Kingdom of Great Britain and Northern Ireland, the Irish Free State, New Zealand and Norway.

The following Governments were also represented at the Conference by Observers, viz:—Canada, and Portugal, and there is good reason to hope that they will shortly accede to the Agreement. It is hoped also to secure the adhesion of other Governments who did not take part in the conference but have whaling interests to preserve.

The Agreement is to come into force on the 1st July, next, but is subject to ratification. Subject to this the Agreement will be in full force until June 30th, 1938, and provision is made for its continuance thereafter subject to the provision that any Government may withdraw from it on giving six months notice to terminate on the following thirtieth of June.

The Agreement follows, on the whole, familiar lines. There will be a close season for what is known as pelagic whaling, that is whal-

⁹ For text of the Agreement signed June 8, 1937, see Department of State Treaty Series No. 933, or 52 Stat. 1460.

ing prosecuted by whale catching ships attached to floating factories, for nine months of the year, except in the first year of its operation, when the open season will be extended by one week at the end of the season.

North of 40° South Latitude as far as the Equator pelagic whaling for baleen whales is absolutely prohibited and this prohibition is extended to wide areas north of the Equator. For instance, pelagic whaling by ships of the contracting Governments is prohibited North of the Equator in the whole of the Atlantic Ocean, Davis Strait, Baffin Bay and the Greenland Sea, in the Indian Ocean and in the Pacific Ocean south of 35° North Latitude east of 150° West Longitude and south of 20° North Latitude west of that Longitude.

Certain species of whales—the various Right Whales and the Grey Whale—are protected absolutely as are all whale calves and female whales attended by calves.

It is also forbidden to kill whales below certain size limits, the size limits being raised above those which have been prescribed by agreement between the United Kingdom and Norway in the past. Under the Agreement it will not be lawful to take blue whales of less than 70 ft. in length, fin whales of less than 55 ft., humpback whales of less than 35 ft., and sperm whales of less than 35 feet. The extension of this form of protection to the sperm whale, which has not hitherto received any protection is one of the novelties of the Agreement.

Whaling at land stations is to be subject to a six months close season. The dates of the beginning and ending of the close season will vary according to the latitude of the station. The extended period of liberty to hunt whales from land stations is justified by the fact that their operations are limited by the fact that they can only take such whales as come into their vicinity, whereas the factory ships can follow the schools of whales wherever they may be.

The agreement is accompanied by a final act in which the Conference discusses various matters not dealt with in the Agreement and recommends to the Governments that they should prepare to take in agreement with one another other measures for the further protection of whales in the light of further experience and knowledge. An important suggestion among others is that the Governments should take powers to regulate the methods of shooting whales with a view to preventing the loss of whales fatally wounded through the use of defective guns or harpoons or other causes and at the same time mitigating the cruelty which admittedly attends this process.

The Conference further points out that the measures they have agreed upon may prove nugatory if the ships of countries not parties to the Agreement are permitted to indulge in unregulated whaling

and urges the importance of persuading all interested Governments to accede to the Agreement. It concludes with a warning that unless whaling is now strictly regulated, the stock of whales cannot fail to be reduced to a level at which whaling ceases to be remunerative.

562.8F2/97

The Secretary of State to the Minister in Canada (Armour)

No. 950

WASHINGTON, August 23, 1937.

SIR: There are enclosed herewith for the information and use of the Legation two copies of the International Agreement for the Regulation of Whaling signed at London on June 8, 1937, by the United States, the Union of South Africa, the Argentine Republic, Australia, Germany, the United Kingdom, the Irish Free State, New Zealand and Norway (Executive U, 75th Congress, 1st Session). The injunction of secrecy has been removed from the document. The Senate gave its advice and consent to ratification on August 5, 1937, and the President ratified the Agreement on August 13, 1937. The ratification of the United States has been forwarded to London for deposit with the British Foreign Office, as required by Article 19 of the Agreement.

The agreement of June 8, 1937, supplements and extends but does not supplant or impair the International Convention for the Regulation of Whaling concluded at Geneva September 24, 1931, to which both Canada and the United States are signatory and ratifying countries. That convention is reprinted in the enclosed document (pages 29-37).

At the conference at London May 24-June 8, 1937, Canada was represented by an observer who did not sign the agreement. In Article 22 it is provided that any Government which has not signed the agreement may accede thereto at any time after the agreement has come into force.

In paragraph 9 of the Final Act, the conference recommended that the contracting Governments should take steps to prevent the agreement and any regulations made thereunder from being defeated by the transfer of ships registered in their territories to the flag of another Government not a party to the agreement, and suggested that for this purpose it might be provided by each party to the agreement that the transfer of a factory ship or whale catcher from its national flag to the flag of any other country should be permitted only under license of the Government under whose flag the ship was already registered. The laws of the United States now require ships documented thereunder to obtain approvals from the Maritime Commis-

sion before transferring their registration to a foreign flag, which it is believed cover the situation contemplated by paragraph 9 of the Final Act. The appropriate administrative Departments of the Government will, however, give careful consideration to the recommendation of the conference and to the existing legislation with a view to determining whether any amendments should be made in the law now in force with a view to strengthening it.

In paragraph 10 of the Final Act, the conference expressed the hope that the Governments which had representatives present at the conference who did not sign the agreement will eventually accede to the agreement and urged the contracting Governments to use their utmost endeavors to secure the adhesion of such powers as are interested in the whaling industry but were not represented at the conference.

The Department understands that six or more whale catchers of American registration operate in or near Alaskan waters in connection with Alaskan shore stations and that one or more floating factory ships documented under the laws of the United States are operating on distant oceans. It foresees that, if Canada does not become a party to the new whaling agreement, some of these ships may seek registration under the Canadian flag with a view to being free with respect to those provisions of the new agreement which place greater restrictions on the taking and killing of whales than are placed on such taking and killing under the convention of 1931. It may therefore be a matter of considerable importance to the United States in giving complete effect to the provisions of the agreement of June 8, 1937, that Canada also should become a party to that agreement.

The Department would be glad if you could mention the above stated situation informally and confidentially to the appropriate officials of the Canadian Government leaving with them one of the enclosed copies of the Senate Document. You should inform them that the United States has ratified the whaling agreement of June 8, 1937, and that its ratification has been forwarded to London for deposit with the British Foreign Office. You might inquire whether the agreement is of sufficient interest to the Canadian Government for that Government to have given consideration to adhering to it, and also whether, in the event that any American whaling ships, whether factory ships or whale catchers, should undertake to register under the Canadian flag, the Canadian Government could suspend decision with reference to any such application and would inform the United States of it.

Very truly yours,

For the Secretary of State:
R. WALTON MOORE

562.8F2/109

The Minister in Canada (Armour) to the Secretary of State

No. 1637

OTTAWA, September 25, 1937.

[Received September 30.]

SIR: I have the honor to acknowledge the receipt of the Department's instruction No. 950 of August 23, 1937, enclosing for the information and use of the Legation two copies of the International Agreement for the Regulation of Whaling signed at London on June 8, 1937, and informing me that the ratification of this Agreement by the United States has been forwarded to London for deposit with the British Foreign Office, as required by Article 19 of the Agreement.

Under date of August 26th last I called on Dr. Skelton, Under-Secretary of State for External Affairs, and discussed the matter informally with him along the lines of the Department's instruction. At the same time I left with Dr. Skelton a memorandum, a copy of which is enclosed herewith,¹⁰ setting forth the principal points covered in the instruction.

In particular, I expressed the hope to Dr. Skelton that the Canadian Government might give consideration to adhering to the agreement.

Dr. Skelton told me that he had never really understood why Canada had not been a party to the original agreement instead of being represented only by an observer. However, it was too late for that but his Government would certainly be glad to give the matter, as presented by our Government, its earnest consideration. Dr. Skelton told me that the matter would be turned over to Mr. Loring Christie of his Department to take up with the competent Departments of the Canadian Government.

On September 23rd last I called by appointment on Mr. Loring Christie who handed me a memorandum dated September 21st, copy of which is enclosed herewith.¹⁰ From this memorandum the Department will note that the Canadian Government has decided to accede to the Agreement and that the necessary instructions have been issued in order that the notice of accession, pursuant to Article 22 of the Agreement, may be given to the Government of the United Kingdom at such time as may be found appropriate.

Mr. Christie explained the wording of this paragraph of his Government's memorandum as meaning that under Article 22 of the Agreement "any Government which has not signed the present Agreement may accede there at any time after it has come into force". (The underscoring is my own.) Mr. Christie said that the Canadian Government's information indicated that the Agreement had not yet

¹⁰ Not printed.

been ratified by a sufficient number of signatories as provided in Article 19 of the Agreement but that, under the instructions given, the Canadian Government, presumably through the High Commissioner at London, would be able to accede to the Agreement as soon as it came into force.

I presume that the Canadian Government is correct in its assumption that now that a decision has been reached for that Government to accede to the Agreement¹² the arrangement suggested in the last sentence of the Department's instruction regarding notification in the event of transfer of ships from American to Canadian registry, need not now be regarded as necessary.

Respectfully yours,

NORMAN ARMOUR

¹² Canada acceded to the International Whaling Agreement on June 14, 1938.

PARTICIPATION OF THE UNITED STATES IN THE INTERNATIONAL SUGAR CONFERENCE HELD IN LONDON, APRIL 5–MAY 6, 1937¹

561.35E1/192

*The Secretariat of the International Sugar Conference to the Secretary of State*²

1. The Executive Committee of the Monetary and Economic Conference held in London in 1933³ authorised the President of the Economic Commission, M. H. Colijn, to take—in consultation with the President of the Conference, Mr. J. Ramsay MacDonald—all the necessary measures for the execution of the Economic Commission's proposals.

The latter included a proposal for the organisation of a meeting with a view to the conclusion of an international agreement on sugar.

2. A preliminary meeting relating to the co-ordination of the production and marketing of sugar was accordingly held in London from March 5th to 10th, 1934,⁴ under the chairmanship of Lord Plymouth, Under-Secretary of State in the Colonial Office.

This meeting was obliged to suspend its work because at that time there was little chance of inducing the countries concerned to recommend the immediate convocation of a conference. It was decided, however, as stated in its final report, that a larger meeting should be convened as soon as circumstances appear to be favorable.

3. With the approval of Mr. J. Ramsay MacDonald, President of the Monetary and Economic Conference, M. H. Colijn, President of the Economic Commission, has now decided to convene a Conference to re-examine the possibility of concluding an international agreement with a view to improving the organisation of the production and marketing of sugar.

¹ For preliminary correspondence, see *Foreign Relations*, 1936, vol. I, pp. 521 ff. See also *International Sugar Conference . . . I. Text of the Agreement, II. Proceedings and Documents of the Conference*, League of Nations document C.289.M.190.1937.II.B, Geneva, October 27th, 1937.

² League of Nations Circular Letter 29, 1937.II.B., transmitted to the Department by the Minister in Switzerland in his despatch No. 4795, L. N. No. 3515, February 5; received February 18.

³ See *Foreign Relations*, 1933, vol. I, pp. 452 ff.

⁴ See *ibid.*, 1934, vol. I, pp. 664 ff.

4. The Government of the United States of America is accordingly invited to be represented at the said Conference to be held in London on April 5th next. The time and place will be communicated later.

5. This invitation has been sent to the following States:

Union of South Africa	Italy
Australia	Japan
Belgium	Netherlands
United Kingdom	Peru
Canada	Poland
China	Portugal
Cuba	San Domingo
Czechoslovakia	United States of America
France	Union of Soviet Socialist
Germany	Republics
Hungary	Yugoslavia
India	

6. The Government of the United States of America is requested to be good enough to inform the secretariat of the International Sugar Conference (Economic Relations Section, League of Nations, Geneva) as soon as possible of the composition of the delegation appointed by it to take part in this Conference.

GENEVA, February 3, 1937.

561.35E1/197 : Telegram

The Secretary of State to the Minister in Switzerland (Wilson)

WASHINGTON, February 25, 1937—7 p.m.

13. The invitation of the Secretariat of the International Sugar Conference, referred to in your No. 19 of February 5, 4 p.m.,⁵ has been received. Please address a communication to the Secretariat stating that this Government is pleased to accept the invitation and will advise as soon as possible of the composition of its delegation. It is expected that the Philippines will be represented on the American delegation. Definite information on this point will be cabled as soon as available.⁶

HULL

⁵ Not printed.

⁶ On March 23, 1937, the Ambassador in the United Kingdom was instructed to inform the appropriate authorities that the American delegation to the International Sugar Conference had been constituted as follows: Delegates, Norman H. Davis, Chairman of the delegation, and Felipe Buencamino, delegate for the Commonwealth of the Philippines; Technical Advisers, Frederick Livesey and Robert T. Pell, of the Department of State, John B. Hutson, of the Department of Agriculture, and Clifford C. Taylor, Agricultural Attaché, American Embassy, London; Technical Adviser for the Commonwealth of the Philippines, Urbana F. Zafra; Secretary, Charles E. Bohlen. Ray Atherton, Counselor of the American Embassy, London, was appointed April 21, as additional Technical Adviser. (561.35E1/245, 306)

561.35E1A/104

Memorandum by the Secretary of State

[WASHINGTON,] March 19, 1937.

The British Ambassador called upon my invitation. I remarked to him that he knew, of course, that Mr. Norman Davis is going to London as a Delegate to the International Sugar Conference; that I had requested the Ambassador to call in order that I might be helpful to the high British officials and to all concerned by offering brief comment touching upon Mr. Davis' trip to London. I said that the press naturally would be filled with every kind of rumor and report about his visit, just as it was when Mr. Runciman⁷ came over here some weeks ago; and that I could clarify the chief phases of such reports and rumors in advance, by getting to the British high officials what I proposed briefly to say touching the Davis trip. I stated that in the first place Mr. Davis was not going to London with the slightest idea or purpose of suggesting an international naval conference, or economic conference, or general peace conference, or any other conference more than what might relate to his attendance upon the sugar conference and to the question of whether, as chairman of the naval committee at Geneva, he would attend the proposed meeting early in May;⁸ in fact, the only two decisions of any kind that Mr. Davis would have occasion to make while in London would be confined to his membership in the sugar conference and to his possible attendance upon the naval committee meeting at Geneva early in May; and that this latter question of his attendance would be determined after he had conferred with the British and with his own Government during his stay in London.

I then said that in addition to conferring with British officials touching the sugar conference and the possible naval committee meeting at London, which he would do within his own definite functions as an official of each, Mr. Davis would probably seek to cooperate with Ambassador Bingham and to supplement any statements of his to the British relative to the general economic conditions, problems and remedies, as they would involve or interest either Great Britain, or the United States, or both; that my idea was that neither he nor the Ambassador would get on each other's toes in any instance, but that each would understand and cooperate with the other wherever it might be of special benefit to the United States Government; that, in brief, each of them is in the confidence of the President, each will avoid

⁷ Walter Runciman, President of the British Board of Trade; see vol. II, pp. 1 ff.

⁸ See pp. 1 ff.

any conflict with the other in what he may say or do and the sum total of the information they may both secure, touching international affairs in which the United States Government is interested, would be considered equally trustworthy by this Government, much or most of which could and would be brought back to the President by Mr. Davis upon his return some weeks hence. I said that, in brief, Ambassador Bingham had recently been back to Washington and given the President and myself very elaborate information up to the time he left London; that Mr. Norman Davis was widely known and acquainted with statesmen and officials in London and was quite capable of assembling any important or desirable information touching world conditions generally and making it known to the President in a profitable way upon his return; and that I was thus undertaking to make clear, first, that the British high officials would not be confused or misled by the cloud of press rumors and reports about the Davis mission that would be going out from London and from Washington, so that on the contrary they might prevent many from going out from London; and, secondly, to make clear that no conflict between the official functions and prerogatives of Ambassador Bingham and Mr. Davis was contemplated, but, on the contrary, cooperative relations and efforts of the nature and to the extent already indicated, to the end that each of them might have an interchange of information with British officials touching matters in which the President is interested and pool the same up to date for its transmission through Mr. Davis back to the White House.

C[ORDELL] H[HULL]

561.35E1/266 : Telegram

*The Secretary of State to the Chairman of the American Delegation
(Davis)*

WASHINGTON, April 1, 1937—1 p.m.

2. The Associated Press report this morning states that the British press emphasized the significance of your arrival in connection with larger questions of world peace and economic cooperation and quoted a member of your staff as saying some of the newspaper conjectures are "not far-fetched". In view of possibility of press printing misleading stories, would suggest that you warn all the members of the Delegation not to make any statements to the press without your authorization.

HULL

561.35E1/267 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, April 2, 1937—noon.
[Received April 2—9:40 a.m.]

3. Your 2, April 1, 1 p.m. While I was on the ocean the British and Continental press published despatches from America to the effect that I was coming to Europe with a great peace plan and intimated that this was the opinion in Washington. This was probably done under instructions in the hope of smoking me out.

On my arrival at Plymouth I was asked to give details of the peace plan. I informed the reporters that I had come to attend the Sugar Conference and had no peace or other proposals to make. In spite of this some newspapers continued to represent that I had come on a "secret mission". The responsible papers now are taking a satisfactory line as indicated by the article in today's London *Times* and I hope there will be no further outbreak.

However, it may not be possible to prevent some speculation since all of Europe evidently is most eager to have us take an initiative.⁹ There is strong wishful thinking which gives rise to speculation in the European press which is bound to be reflected somewhat in despatches sent by our own newspapermen. In any event no statement will be made to the press by any member of this delegation which will suggest that I have come for any purpose other than to attend the Sugar Conference.

DAVIS

561.35E1/276 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, April 5, 1937—8 p.m.
[Received April 5—5:48 p.m.]

7. The Conference was opened by MacDonald¹⁰ as President at 11 a.m. today. Ormsby-Gore¹¹ was elected Vice President and will preside at future meetings. A steering committee¹² was appointed consisting of the President and the Vice President of the Conference and the chief delegates from France, Germany, Poland, Cuba, the

⁹ See pp. 665 ff.

¹⁰ J. Ramsay MacDonald, British Lord President of the Council.

¹¹ W. G. A. Ormsby-Gore, British Secretary of State for the Colonies.

¹² Otherwise referred to as the "Bureau".

United States, Czechoslovakia, Australia, Netherlands, and the President of the International Sugar Committee. It was agreed that future meetings should be closed to the press and all publicity should be handled by the Press Bureau of the Secretariat.

At the first meeting of the steering committee this afternoon a statistical committee of seven experts including Hutson was appointed. At the plenary session this afternoon, which was closed to the press, Buencamino and I made statements as modified by the Department.¹³ Five other delegations made general statements of position.

DAVIS

561.35E1/280: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, April 8, 1937—8 p.m.
[Received April 8—4:30 p.m.]

8. Up to the present the Conference has been occupied with receiving statements from various delegations as to their position and the Bureau today completed its report to Conference outlining the various problems and indicating the points on which agreement or compromise is necessary. The Statistical Committee has fixed provisionally the free market for this year at 3,170,000 metric tons. The Conference adopted the Bureau report this afternoon and authorized the Bureau in its discretion to appoint a small committee to conciliate divergent views and to seek agreement on production and export quotas. We expect shortly to submit to you a full survey of the questions upon which we will be called upon to make decisions.

The Bureau meets tomorrow morning.

DAVIS

561.35E1/283: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, April 9, 1937—1 p.m.
[Received April 9—9:25 a.m.]

9. At a Bureau meeting this morning the Negotiating Committee referred to in my 8, April 8, 8 p.m., was chosen consisting of MacDonald, the President of the Conference, with Leith-Ross¹⁴ as his assistant, Spinasse of France, myself and Moritz of Germany, subject to his consent as he was absent today. In addition Dr. Colijn of the Netherlands will be a member when his presence is possible. It

¹³ See *Proceedings and Documents of the Conference*, pp. 29 and 33.

¹⁴ Sir Frederick W. Leith-Ross, Chief Economic Adviser to the British Government, and member of the British delegation.

was emphasized that the members of this Committee were chosen as individuals and not as representatives of their respective countries.

All delegations have been requested to submit for the confidential information of this Negotiating Committee as soon as possible, a frank statement of their desiderata in regard to market quotas, world price level and other pertinent elements.

DAVIS

561.35E1/289 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, April 12, 1937—8 p.m.
[Received April 12—3:45 p.m.]

12. My April 10, 4 p.m.¹⁵ In the pending sugar legislation¹⁶ provision is made for the establishment of import quotas for 27 foreign countries which have heretofore supplied some full duty sugar to the United States. This provision is carried forward from the existing Sugar Act. If an international agreement is reached with respect to sugar which would result in prices in world markets in line with the price of full duty sugars in the United States, it would seem to be unnecessary to continue these individual quotas for full duty countries. It would seem to me that one full duty quota could be established for all full duty countries. This full duty quota would include the full duty sugar from the Philippines and any foreign country and in accordance with Wallace's¹⁷ proposal, your 6, April 10, 4 p.m.,¹⁵ would amount to approximately 100,000 short tons. Such an arrangement would be more in lie with your trade policy¹⁸ and effort to abolish quotas and also with the apparent preference here to abolish import quotas on sugar and to regulate the market supply by export quotas.

DAVIS

561.35E1/301 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, April 14, 1937—9 p.m.
[Received April 14—4:45 p.m.]

15. Negotiating Committee has consulted with 12 countries and has still to hear several important countries including Soviet, Germany,

¹⁵ Not printed.

¹⁶ The Sugar Act of 1937 was approved September 1, 1937; 50 Stat. 903.

¹⁷ Henry A. Wallace, Secretary of Agriculture.

¹⁸ See pp. 826 ff.

and United Kingdom. A committee on general questions, such as increasing consumption and reducing protection, and a small group to make preliminary study of permanent organization, have been appointed and are functioning.

Presumably, no further full sessions of Conference will be held until Negotiating Committee is ready to report either suggesting possible basis of adjusting quotas of export countries to the total available world market or reporting progress and requesting further instructions. This may be possible early next week.

DAVIS

561.35E1/332 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, April 26, 1937—5 p.m.
[Received April 26—1:22 p.m.]

21. At a meeting of the heads of delegations this morning a supplementary report was submitted by the Negotiating Committee.²⁰ After some discussion the following export quotas were agreed upon tentatively and the Negotiating Committee was authorized to appoint a drafting committee and to proceed with preparation of a complete agreement for subsequent submission to a plenary session of the Conference.

Basic export quotas are as follows: Belgium 20,000 tons; Brazil 60,000; Cuba 940,000; Czechoslovakia 250,000; Germany 120,000; Haiti 32,500; Hungary 40,000; Java 1,050,000; Mozambique 30,000; Peru 330,000; Poland 120,000; Dominican Republic 400,000; Soviet Union 230,000; reserve for countries which have not exported to the free market in 1934-36, that is, France and Yugoslavia, 47,500. Total 3,670,000.

These [are] the basic quotas for the life of the agreement but have been adjusted by increases or decreases for the year 1937-38 resulting in the following changed figures: Belgium 15,000 tons; Czechoslovakia 340,000; Germany 50,000; Hungary 20,000; Poland 100,000; Soviet Union 218,500; reserve for countries like France and Yugoslavia 25,000. Total net quota for 1937-38 3,611,000 tons.

The Sugar Council to be set up by the agreement will be empowered to require in the first 2 years a reduction of quotas by a uniform percentage not exceeding 5% in either year, this percentage being calculated on the net quota figures. The Council will not have power to require any reductions of basic quotas in subsequent years but can make recommendations to the Governments regarding reductions.

²⁰ *Proceedings and Documents of the Conference*, p. 57.

The Negotiating Committee's report expresses the opinion that free market requirements in the first year may somewhat exceed 3,300,000 metric tons and that considerable amounts of sugar not covered by reductions 1937-38 adjustments will not in fact be exported during that year.

After the first year the following additions to basic quotas are provided for: Czechoslovakia second year 60,000 tons, third year 25,000.

In meeting this morning, United Kingdom in view of increase in total export quotas, reserved the right to transfer to colonies any unutilized difference between actual British production and the maximum production which they had heretofore reserved for themselves.

While there are still subsidiary questions, such as that for setting up appropriate machinery for administering the agreement and provisions as to reserve stocks which will have to be thrashed out, the present indications are that an agreement will be completed on the basis of the above allocation of quotas.

DAVIS

561.35E1/336 : Telegram

*The Secretary of State to the Chairman of the American Delegation
(Davis)*

WASHINGTON, April 26, 1937—7 p.m.

15. Your 21, April 26.

1. Will you please cable the Department in detail the form and nature of the commitment for the United States which would arise under the agreement as far as its terms have been developed up to the present.

2. Please explicitly explain what the position of the American exporters of refined sugar would be. In case you desire fuller information than you have on the American export trade in refined sugar we understand that there is a qualified representative of the American Sugar Refining Company in London competent to discuss the matter.

HULL

561.35E1/342 : Telegram

*The Secretary of State to the Chairman of the American Delegation
(Davis)*

WASHINGTON, April 28, 1937—5 p.m.

17. Subcommittee of House Agricultural Committee recommended freezing Cuban quota at 1,820,000 tons and full-duty countries at 25,000 with no sharing by foreign countries or Cuba in deficits of any domestic area which any other domestic area can supply. Minimum

continental quotas fixed at 440,000 for cane and 1,550,000 tons for beets on basis consumption of 6,528,000 tons. No sharing in increased consumption by foreign countries or Cuba is provided for and entire increase over base of 6,528,000 tons is allotted to domestic areas. Philippine quota frozen at duty-free quantity consequently no deficit of dutiable Philippine sugars is made available for allotment to full-duty countries. Full committee began consideration of subcommittee's recommendations yesterday. Administration standing by draft legislation recommended by Secretary of Agriculture on April 8, 1937, and plans actively to present its views before the Committee.

In view of this development and the uncertainty as to the eventual outcome of the sugar legislation, please keep Department fully informed as requested in paragraph 1, our 15, April 26, 7 p.m., in order that Department may be in a position to instruct you with regard to
[Here follows a summary of the draft agreement.]

DAVIS

561.35E1/341 : Telegram

*The Chairman of the American Delegation (Davis) to the
Secretary of State*

LONDON, April 28, 1937—8 p.m.

[Received April 28—3 p.m.]

23. A plenary session today adopted quotas outlined in my No. 21, April 26, 5 p.m., and accepted accompanying report of Negotiating Committee²¹ subject, however, to right to pass upon final statement in draft agreement of matters it covers.

Conference is not releasing quota figures or specific information regarding any of them.

We have changed text submitted to you in my No. 22, April 27, 8 p.m.,²² and will transmit revised text after further discussion with Drafting Committee.

DAVIS

561.35E1/352 : Telegram

*The Chairman of the American Delegation (Davis) to the
Secretary of State*

LONDON, May 2, 1937—5 a.m.

[Received 10 a.m.]

31. The Drafting Committee circulated at midnight a complete draft agreement together with a draft protocol not subject to ratifications designed to be signed simultaneously with the agreement. signature.

HULL

²¹ *Proceedings and Documents of the Conference*, p. 60.

²² Not printed.

561.35E1/358 : Telegram

*The Chairman of the American Delegation (Davis) to the
Secretary of State*

LONDON, May 2, 1937—2 p.m.
[Received May 2—1:10 p.m.]

37. 1. I have had constantly in mind the need of assuring the United States that sugar agreement should in no circumstances operate to produce an acute shortage of supplies affecting American consumers. Basic quotas of 3,670,000 metric tons for the next sugar year as against an original estimate of 3,000,100 metric tons required by the free market in the current year together with other terms of the agreement I believe are adequately safeguarded.

Article 3a of chapter 4 provides that during the first 2 years all basic quotas as adjusted by special releases and increases of different countries may be reduced 5%. In later years unanimous consent of exporting countries is required to reduce quotas. Article 2 of the same chapter provides for increases over the basic quotas on decision of the Council which, however, will require a special majority of the Council not yet fixed.

Although the five countries classified as consuming have only 45% of the voting power compared with 55% for the 18 countries classified as producing, many countries of the latter group are definitely interested in policies that make for moderate prices.

On questions of increasing quotas, the efficient cane producers may be counted on to vote with the consuming countries against policies which would result in increased European beet production. Some signatory beet countries classified as producing, France for example, over a period would import perhaps as much sugar as they would export and would be interested in moderate price policies.

In the Executive Committee, which has power under article 13 of chapter 6 to initiate quick action against a sudden rise in prices, the United States and Great Britain will each have two votes and Cuba and Java one each.

Chapter 5 (my number 32, May 2, 6 a.m.²³) purports to limit normal stocks of exporting countries to 20% of the annual production of each exporting country but countries insisted that the Council be given power to grant exemptions from the limitation, and Cuba and Java both insisted on special provision for larger stocks. Article 2 of chapter 5, which provides that cane producing countries shall plan their production to have a reserve stock of 10% of their respective export quotas at the end of their marketing seasons was suggested by me. I

²³ Not printed.

should not insist on it if the interested countries strongly object. The provision is not made applicable to beet production in view of their already exaggerated quotas and their undesirable cost basis. Cuban exports of preferential sugar to the United States will be limited in no way by the agreement and Cuba is permitted to hold a normal stock of 30% of her exports to the United States.

2. Article 5 of chapter 6 authorizes the International Sugar Council to determine the budget of the Permanent Commission and under article 7 each Government shall pay a share proportionate to the number of votes it has under article 9. Up to this time budget questions have not been discussed in detail but I believe that the share of the United States paying 15% of the total expense would not exceed \$7,500 per annum including the cost of the Secretariat and the expense of Council and Executive Committee representation.

DAVIS

561.35E1/368 : Telegram

*The Secretary of State to the Chairman of the American Delegation
(Davis)*

WASHINGTON, May 3, 1937—6 p.m.

23. 1) Your No. 25, April 29, 3 p.m.²⁵ There appears to be no reason why the phrase "through subsequent agreement with the Commonwealth of the Philippines" could not be dropped from the last sentence of Section *a*, Article 2, since reduction of the Philippine quota might conceivably be made by action of this Government without agreement with the Commonwealth Government.

2) Your 26, April 30, 4 p.m.²⁵ There appears to be no need to make an exception of the Philippines in the text of Chapter 7, Article 1.

3) The Department notes the lack of any explicit statement in regard to obligations to maintain adequate supplies of sugar at a reasonable price. It believes this to be an important shortcoming. Other restriction schemes which are now operative, and which have been developed on the British initiative, have all been used to restrict supplies to a point where prices have risen beyond a reasonable level, and it would be most difficult to get the controlling authorities, who are closely in touch with the producing interests, to take necessary corrective steps.

The specific features of the agreement do not give sufficient assurance that undue shortage of supplies might not under certain circumstances result. First, the composition of both the Council and Executive Committee is such that producers' influence is very likely to be

²⁵ Not printed.

dominant. Second, the provisions strictly limiting stocks will, if they operate as intended, mean that reserve stocks are in the future likely to be decidedly lower than they customarily have been—which may be the intent of various sugar interests.

An acute fall in one or more of the important producing areas caused let us say by drought or a hurricane might create a market shortage if stocks are restricted to the extent envisaged in the agreement that would lead to marked price rise.

The Department believes the dangers will be lessened (*a*) if the provision (Chapter 5, Article 1, *b*) regarding stocks is increased from 20–25 percent; (*b*) if an explicit provision is written in an appropriate place in the agreement somewhat as follows:

“The participating governments agree that it is their policy to direct these arrangements so as always to assure consumers of an adequate supply of sugar at a reasonable price, not to exceed the cost of production, including a reasonable profit, of efficient producers.”

If you find the discussion so advanced that it is impracticable to secure a revision of the figure of stock percentages, you should insist upon the inclusion of the general statement of principle to which the Department believes there can be no valid objection. Lacking some such price guarantee, the agreement may be severely criticized in this country as preparing the way for a substantial increase in the price of an essential, while the Administration's policy is being directed against unwarranted increases of prices of raw materials.

4) Your 36, May 2, 10 a.m.²⁶ It is assumed that the language under Chapter 1 (5) or elsewhere in no way restricts the right of substitution of sugars exported with benefit of drawback from the United States, as for instance Cuban sugars for domestic sugars.

5) Your 35, May 2, 9 a. m.²⁶ Point (3). A proviso should be appropriately inserted to the effect that although this Government will submit the agreement for ratification at the earliest possible moment, this Government cannot undertake to take this action within a period of 40 days from the date of signature. For your information it may be desirable to withhold action until the outcome of the pending sugar legislation becomes clear.

6) On the understanding that the foregoing alterations and amendments are acceptable and the agreement appropriately amended, you are authorized to sign.

7) At the time of signature you should add below your name the following statement:

“I am instructed by my government to state that in the event its existing legislation imposing quotas upon the importation and

²⁶ Not printed.

marketing of sugar lapses within the life of this agreement, it will be its policy to maintain its tariff on full-duty sugar at no higher rate than that now existing.”

HULL

561.35E1/371 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, May 5, 1937—11 a.m.

[Received May 5—7:15 a.m.]

44. Your No. 23, May 3, 6 p.m. Plenary session yesterday afternoon approved draft agreement as amended and fixed Thursday²⁸ 4 p.m. as hour for signing.

Canada announced that it was not at present prepared to sign²⁹ but that it would nevertheless act in accordance with the obligation which had been drafted for it in the treaty—namely, it will not stimulate the production of sugar in Canada by way of subsidy, by special remission of taxes, by increased protection or otherwise during the term of the agreement.

In view of this the Conference Chairman announced that the principle of distribution Council votes in the ratio of exporting countries 55%, importing countries 45% was fundamental and that any vacated voting privileges must be redistributed within the group to which they belong. I proposed that the five Canadian votes be distributed equally between the United Kingdom and the United States by a provision in the protocol. The handling of the matter was left indeterminate.

France is insisting on a French text equally authentic with the English but has received no support in the Conference. British seem confident matter can be arranged by Thursday.

The amendments proposed in your No. 23, May 3, 6 p.m., were accepted with following modifications.

Your point number 3. The declaration quoted at the beginning of section 3 of your telegram was made article 2 in the agreement (articles having been renumbered consecutively), substituting “the arrangements made under the present agreement” for “these arrangements”. The agreement also has the following denunciation clause.

“If any contracting Government into whose territories there is a net import of sugar shall allege that owing to the operation of the present agreement, there is an acute shortage of supplies or an abnor-

²⁸ May 6.

²⁹ No further action by Canada to effect signature of the International Sugar Agreement appears to have been taken.

mal rise in world prices, it may apply to the Council requesting it to take measures to remedy such situation, and if the Council fails to do so the Government concerned may withdraw from the agreement?."

Paragraph 3 of the protocol was deleted making action under your paragraph 5 unnecessary. I informed Negotiating Committee of your paragraph 7.

There have been various changes in passages cited in previous telegrams but Department may be assured that the convention contains no restriction on Cuban exports to the United States or on American refiners or on substitution mentioned your point 4.

Netherlands delegation suggested that a limit of 25,000 tons be placed on the right reserved by the United States under paragraph (c) of chapter 3, article 2 (my number 25, April 29, 3 p.m.³⁰). I offered to discuss the matter with the interested countries outside the Conference and the suggestion was not pressed. In an evening meeting with Peruvian, Dominican and Haitian delegations they were advised that either they should agree upon a limitation or we would indicate a limitation in case our imports of full duty sugar should be increased substantially. They advised us that in view of the difficulty that they would have in explaining their action to their Government, they prefer that we make the limitation.

DAVIS

561.35E1/374 : Telegram

*The Secretary of State to the Chairman of the American Delegation
(Davis)*

WASHINGTON, May 5, 1937—7 p.m.

26. Your 44, May 5, 11 a.m., last paragraph. This Government cannot, of course, accept any limitation as to its liberty of action regarding the amount of the increase of any imports of sugar as defined in paragraph (c) of Chapter 3, Article 2, which it may deem necessary.

To charge any net increase in United States quotas allotted to full duty countries under paragraph (c) to the basic export quotas of such countries would restrict by that amount the total amount of sugar to be delivered on the world market and would be a net curtailment in the supplies established as necessary for that market.

I feel that the matter of limitation suggested by the Netherlands Delegation is one which should be determined by negotiation between the delegations of Peru, the Dominican Republic, etc., and the delega-

³⁰ Not printed.

tions supporting the Netherlands contention, and that in so far as possible this Government should avoid taking part in the determination of the problem presented.

HULL

561.35E1/430

*The Chairman of the American Delegation (Davis) to
President Roosevelt*

WASHINGTON, May 19, 1937.

MY DEAR MR. PRESIDENT: I have the honor, as Delegate of the United States to the International Sugar Conference held in London from April 5 to May 6, 1937, to submit the following report of the results of the Conference.

The International Sugar Agreement entered into by twenty-one governments at London May 6, 1937,³¹ has for its purpose the establishing and maintaining of an orderly relationship between the supply and demand for sugar in the world market, on bases equitable both to producers and consumers.

The Agreement is the result of inter-governmental negotiations initiated at the World Monetary and Economic Conference in 1933 and culminating in the International Sugar Conference which met in London April 5, 1937. The Agreement has been signed by the Governments of The Union of South Africa; The Commonwealth of Australia; Belgium; Brazil; The United Kingdom of Great Britain and Northern Ireland; China; Cuba; Czechoslovakia; The Dominican Republic; France; Germany; Haiti; Hungary; India; The Netherlands; Peru; Poland; Portugal; The Union of Soviet Socialist Republics; The United States of America; and with it the Commonwealth of the Philippines; and Yugoslavia.

Subject to the necessary ratification by the signatory governments, the Agreement provides for the regulation of the world sugar market by the joint action of the governments of almost all the principal producing and consuming countries. It will be recalled that nearly two years have elapsed since termination of the so-called Chadbourne

³¹ The International Agreement Regarding the Regulation of Production and Marketing of Sugar was signed at London, May 6, 1937; the Senate advised ratification, subject to a reservation, December 20, 1937, and the President ratified the Agreement on March 22, 1938. A Protocol enforcing and prolonging the Agreement was signed on July 22, 1942, at London, and proclaimed on April 20, 1945, by the President. An Additional Protocol was signed on August 31, 1944, at London; the Senate advised ratification December 6, 1944, and the President ratified the Additional Protocol March 9, 1945; Department of State Treaty Series, No. 990, or 59 Stat. 922, 949, 951.

Plan ³² through which nine exporting countries attempted unsuccessfully from 1930 to 1936 to eliminate the over-production and destructive competition which had reduced the world market price of sugar far below the cost of production of the most efficient producers with ruinous results on the purchasing power and social conditions of producing countries, and with corresponding impairment of world trade. In some respects the International Agreement may be compared to the internal regulations by which the United States and some of the other countries of the world have undertaken to regulate the production and marketing of sugar within their territories in order to achieve stabilization and to assure a fair balance between the interests of producers and consumers.

Of the total world production of sugar amounting to some 30,000,000 metric tons, it is estimated that during the year beginning September 1, 1937, about 3,400,000 metric tons will be exported from producing countries to countries in which it will receive no preferential treatment, the so-called world or free market. Under the Agreement, fifteen countries which have in the past been important exporters of sugar agree for a five year period to limit their exports to the free market to certain specified annual amounts, and also to prevent the accumulation within their territories of excessive stocks of sugar.

Under the Chadbourne Plan the consumers' interests in sugar-importing countries had no part in the regulation of the world market. Producing interests in nine exporting countries endeavored to regulate their production, export, and surplus stocks of sugar with a view to improving sugar prices. During the life of the Plan, these countries by extraordinary curtailment of production reduced their excessive stocks of sugar to manageable proportions but the effect of this was largely offset by great increases in production in countries not parties to the Plan. Although no stabilization of the market on a remunerative price level was accomplished by the Chadbourne Plan, the experience under it was helpful in working out a more comprehensive and effective agreement. The present Agreement which is on a broader base includes most of the countries which are important producers and consumers of sugar, and establishes a permanent organization or council in which all these countries are represented with a view to regulating the sugar market in a way which is fair to each country and to consumers as well as producers.

The Agreement allots basic free market export quotas to each of thirteen exporting countries in the total amount of 3,622,000 metric tons subject, during the first two years of the Agreement, to reduction

³² See telegram No. 1, January 4, 1934, 10 a. m., from the Consul at Geneva, *Foreign Relations*, 1934, vol. 1, p. 664.

by a uniform percentage not exceeding five percent, if the International Sugar Council established by the Agreement decides, after a survey of the probable requirements of the market for the year in question, that such a reduction is necessary. The Council also has power to redistribute any unused parts of quotas within each year and to allot additional quotas to all exporting countries pro rata in case it at any time decides that, having regard to the market requirements, additional supplies are desirable. The Contracting Governments have agreed that it is their policy so to direct the arrangements made under the Agreement as always to assure consumers of an adequate supply of sugar on the world market at a reasonable price not to exceed the cost of production, including a reasonable profit, of efficient producers.

The importing countries whose requirements for consumers constitute the greater part of the so-called free market have signed the Agreement of May 6, 1937, in order to afford assurances to the producing countries that the free market shall not be reduced by governmental or artificial measures during the period of the Agreement and that the countries producing for the free market shall share in supplying any increased demand for sugar during that period.

On the consuming side, in the British Empire, which is a net importer of sugar, the United Kingdom of Great Britain and Northern Ireland has undertaken to maintain in operation its existing legal provisions designed to limit the annual production of sugar in Great Britain and will also limit the total exports of sugar from the British Colonies to a stated basic figure per quota year. The Governments of the Commonwealth of Australia and of the Union of South Africa similarly undertake to limit their annual exports (which also enjoy preferential tariff treatment within the British Empire). The Government of India undertakes an obligation not to export by sea except to Burma. The Government of Canada, while not at present signing the Agreement, has given the assurance that it does not propose to stimulate the production of sugar in Canada during the term of the Agreement by subsidy, increased protection, special remission of taxes or by any other similar measures.

Another great importing country, China, has agreed to use its best endeavors not to decrease sugar import requirements.

The participation of the United States is regarded as important both to the making and to the successful operation of an agreement of this kind. The United States is the largest consumer, and the largest importer of sugar in the world. Although the sugar requirements of the United States are satisfied principally from production within its own territories and from sugar imported from Cuba enjoying preferential tariff treatment, any change in our established policies

affecting the importation and marketing of sugar whether from Cuba or from other countries would directly or indirectly affect the non-preferential world market. The United States is also one of the largest sugar producing areas in the world and sugar producers in the United States are interested in the agreement because of the base therein in the form of world prices and its relation to the prices received for sugar produced in the United States. For these reasons the Government of the United States has taken an active part in the drafting of the Agreement and has signed it, and it is deemed important that the United States be represented on the International organization regulating the world market.

Article 9 of the Agreement contains specific undertakings of the United States to permit a net importation of sugar from foreign countries not enjoying preferential duty rates, and as to the allocation of quotas among such countries. These undertakings involve no departure from policies which have been in force since the enactment of the Jones-Costigan Act of May 9, 1934.³³ The Agreement is in fact the application on a world-wide scale of some of the principles embodied in the policy of the United States with regard to sugar.

In Section (c) of Article 9 the United States reserves the right to increase its imports of full-duty sugar above recent levels without having any increase over the percentage of American consumption now supplied by full-duty imports reckoned as part of the world export quotas allotted the exporting countries in the International Agreement. The effect of this provision is to further protect consumers in the United States and at the same time permit future increases in the exports of the countries that normally export full-duty sugar to the United States. If the United States should not become a party to the Agreement these advantages would not be obtained. It is essential, however, that any use of the rights reserved in this Section be limited to quantities which will not seriously affect the general distribution of export quotas established in the Agreement.

In Article 10 of the Agreement there are contained certain obligations to be assumed by the Commonwealth of the Philippines and certain stipulations made in favor of the Philippines in view of the possibility of some change in the relation between the Commonwealth and the Government of the United States during the period of the Agreement. This Article will require the approval of the Philippine National Assembly. The Agreement was signed in respect of the Commonwealth of the Philippines by Mr. Urbano A. Zafra, representing the Commonwealth in the delegation of the United States.

³³ 48 Stat. 670.

While giving certain undertakings in the Agreement, the United States is also enabled to protect its interests by participation in the permanent organization for administering the Agreement. In the International Sugar Council, the United States will have seventeen votes and the Commonwealth of the Philippines will have one vote in the total of one hundred votes allotted among the twenty-one participating countries. The United States is also to be represented on the Executive Committee and its representative and the representatives of Great Britain are each to have two votes on the Committee. The voting arrangements have been designed to assure a fair representation of consumers' interests, and it is believed that with these arrangements the Government of the United States will be able to see that the Agreement is not operated to the disadvantage of American consumers. There is, however, a clause in Article 51*b* of the Agreement which would permit the United States to withdraw from the Agreement, after a short period of notice, in case of an acute shortage of supplies or an abnormal rise in world prices against which the Council should fail to take remedial measures.

At the moment of signing the Agreement, I wrote after my signature the following statement:

"I am instructed by my Government to state that in the event that its existing legislation imposing quotas upon the importation and marketing of sugar lapses within the life of this Agreement, it will be its policy to maintain its tariff on full duty sugar at no higher rate than that now existing."

The International Sugar Agreement of May 6 is to be effective for five years beginning September 1, 1937. Its arrangements are based on quota years, meaning the periods from September 1 to August 31 of each year. However, it is important that measures be taken at once to establish on a provisional basis the permanent organization provided for in the Agreement. This is provided for in a Protocol annexed to the Agreement and signed simultaneously with it. Through this Protocol the signatory governments agree to appoint, as soon as possible, representatives who shall constitute a Provisional Council which shall exercise all of the functions of the International Sugar Council to be set up under the Agreement. Under the Protocol each signatory government also undertakes to insure that so far as its territories are concerned the situation as regards production, export and import of sugar shall not be modified in a manner contrary to the aims of the Agreement during the period between the date of its signature and the date of entry into force of the Agreement. Any infringement of this undertaking shall be equivalent to a violation of the Agreement. The Protocol was signed May 6, 1937, for the

Government of the United States and in respect of the Commonwealth of the Philippines.

Sugar is of universal importance as a necessary foodstuff which under favorable conditions can be made available to consumers at a very low price. It also has widespread economic importance as a branch of agricultural production in a great many countries and as a factor in international trade. Few commodities have been so widely affected by subsidies and protective devices costly either to national treasuries or to consumers forced to pay high prices. Nevertheless, in the case of few commodities have conditions of production and marketing been reduced by the world depression to worse chaotic conditions than that of sugar, and it has been one of the slowest in recovery from price levels so low that, if long continued, they would not permit the necessary volume of production by even the most efficient producers without further subsidies or other costly forms of government assistance. It is these conditions that have brought twenty-one governments from all parts of the world to units in organizing the world market for sugar on bases acceptable by all as equitable to both producer and consumer.

An Agreement made by so numerous and diverse a group of nations on a practical question of great economic importance to them is a significant achievement in international cooperation in the interest of all. While the Agreement calls for no sacrifice on the part of the United States and is entirely consistent with the sugar policy independently established by the United States, the other signatories seek the assurance which will be afforded by the ratification of American participation in the Agreement. The United States should be glad to make this contribution to international economic cooperation.

I am enclosing herewith a copy of the Agreement and Protocol.

Faithfully yours,

NORMAN H. DAVIS

PARTICIPATION OF THE UNITED STATES IN THE ESTABLISHMENT AND OPERATION OF THE INTERNATIONAL SUGAR COUNCIL

561.35E1A/1

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

No. 3090

LONDON, June 2, 1937.

[Received June 11.]

SIR: I have the honor to refer to my despatch No. 3082 of May 27, 1937,¹ regarding the International Agreement on sugar, and to forward herewith copy of a Foreign Office note¹ pointing out that under the provisions of the protocol annexed to the International Sugar Agreement signed in London on the 6th of May,² His Majesty's Government in the United Kingdom were charged with the duty of making all the necessary arrangements for convening the first session of the Provisional Sugar Council. It is understood to be the general wish of the Governments concerned that the Provisional Council should meet as soon as practicable; and, while it is not yet possible to fix an exact date for the meeting, His Majesty's Government in the United Kingdom propose that it should take place early in July.

The Foreign Office asks to be advised of the names of the United States delegates, and I venture to suggest that the Department's reply be furnished to this Embassy by cable.³

Respectfully yours,

R. W. BINGHAM

561.35E1A/5 : Telegram

The Ambassador in the United Kingdom (Bingham) to the Secretary of State

LONDON, June 29, 1937—5 p.m.

[Received June 29—12:25 p.m.]

414. International Sugar Council Secretary confidentially quotes Peruvian representative to the effect that State Department had in-

¹ Not printed.

² Department of State Treaty Series No. 990, or 59 Stat. 922.

³ By telegram No. 276, July 3, 2 p.m., the Ambassador was instructed to inform the appropriate authorities that the President had approved the appointment of Herschel V. Johnson, First Secretary, and Clifford C. Taylor, Agricultural Attaché, American Embassy, London, as representatives of the United States Government on the Provisional Sugar Council (561.35E1A/18).

formed Peruvian Ambassador in Washington that it would do its utmost to obtain a quota of 56,000 tons for Peru on United States market. Question arises whether this figure is accurate and whether all of this increase is to be obtained under authority article 9c of International Agreement and therefore not chargeable to agreed export quota for Peru. Such authority seems explicit and corresponds to similar advantages granted by United Kingdom to Empire countries but Council Secretary believes this increase to be excessive and not in harmony with 20,000 figure for Peru mentioned in informal discussions at time of International Conference.

Suggest appropriate instructions to American delegates to Council meeting July 5⁴ as to method of handling this question.

BINGHAM

561.35E1A/15 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, July 2, 1937—6 p.m.

272. Your 414, June 29, 5 p.m. Tell Council Secretary that latest draft of sugar marketing legislation reported out of Agricultural Committee of House of Representatives,⁵ to replace legislation which expires December 31, 1937, provides for full-duty quota from foreign countries of .89 percent of 44.41 percent of requirements of consumers in Continental United States; for allocation of quota among full-duty countries on basis of division made in Regulations mentioned in Article 9 (a) of sugar agreement; for proration among them of any unused part of the Philippine full-duty quota which quota on basis of present estimated consumption would be about 60,000 tons; for proration among them on September 1 of each year of any unused parts of their previous allocation. The bill is not sponsored by executive branch and is not assured of enactment.

It is premature to consider contingent application of Article 9 (c) under conditions that have not yet arisen.

Peruvian officials have been told only that it is hoped that legislation will be enacted under which their participation in United States market may be materially larger than it has been.

HULL

⁴The Provisional International Sugar Council met in London, July 5-7, 1937.

⁵H. R. 7667, *Congressional Record*, vol. 81, pt. 6, p. 6781. The Sugar Act of 1937 was approved September 1; 50 Stat. 903.

561.35E1A/14 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, July 2, 1937—9 p.m.

275. Department's 267, July 1, 4 p. m.⁶ The Resident Commissioner in Washington has informed the Department that President Quezon has instructed Joaquin M. Elizalde, now in London, to confer with the American Embassy regarding the meeting of the Provisional Council, it being too late to arrange the appointment of a delegate of the Philippines to the Council. It is understood that Mr. Elizalde will be prepared to advise the American delegates on matters affecting the Philippines.

HULL

561.35E1A/78 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Bingham)*

WASHINGTON, September 11, 1937—4 p.m.

390. For American Delegates to Sugar Council. On September 10 the Secretary of Agriculture reallocated to full-duty countries the Philippine quota deficiency. The final quota for Peru for the calendar year 1937 is 53,573 short tons raw value; for the Dominican Republic 32,144.

For guarded dissemination: 16,500 from Peru entered the United States by September 11 leaving a balance of 36,073. On September 10 the Sugar Section of the A. A. A.⁷ issued certificates permitting the entry of 25,000 tons of Dominican sugar held at United States ports, which with previous charges leaves a balance of 3,000 tons that may still enter.

HULL

561.35E1A/94 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary
of State*LONDON, September 23, 1937—6 p.m.
[Received September 28—1:21 p.m.]

619. Secretariat International Sugar Council is desirous of adding an item to agenda of meeting of October 4⁸ so that the Council could

⁶ Not printed.⁷ Agricultural Adjustment Administration.⁸ Held in London, October 4-6, 1937.

note and consider any provisions of the American Sugar Act regarding imports of sugar from foreign countries in relation to article 9 of the International Sugar Agreement. The Chairman states that the object of putting this item on the agenda is not to have any discussion whatever of American domestic legislation but simply to take note of its effect. I have stated to the Chairman as my personal opinion that there would be no objection provided inclusion of such an item did not open a discussion and that I would telegraph the Department for instructions.

JOHNSON

561.35E1A/95 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, September 28, 1937—7 p.m.
[Received September 28—1:30 p.m.]

620. Department's 390, September 11, 4 p.m. The Chairman of the International Sugar Council would be grateful if he might be informed before the Council convenes on October 4 as to how much of the additional United States quota to Peru and the Dominican Republic fall under the provisions of article 9 (c) of the International Sugar Agreement. Secretariat states that Hutson⁹ had given assurance quantities not chargeable to export quotas of those two countries would not exceed a figure of around 20,000 tons each. Secretariat also states Peru unable to fill free market export quota 330,000 metric tons in addition to United States import quota of 53,573 short tons. Chairman considers determination of this point essential for guidance of the Council as it has a bearing on possible reduction of all export quotas.

JOHNSON

561.35E1A/100 : Telegram

The Secretary of State to the Chargé in the United Kingdom (Johnson)

WASHINGTON, October 1, 1937—5 p.m.

404. For American Delegates to Provisional Sugar Council. Agenda Item 2.¹⁰ The United States is constitutionally unable to make valid declaration that it "will ratify" agreement. The Senate

⁹ John B. Hutson, Technical Adviser for the Department of Agriculture on the United States delegation at the International Sugar Conference, see pp. 931 ff.

¹⁰ Position with regard to the ratification and coming into force of the Agreement. (Article 48 of the Agreement, and article 4 of the Protocol.)

Committee on Foreign Relations on August 19 submitted a report recommending favorable action on treaty with reservation, of which you have text, to be made a part of the ratification. Congress adjourned August 21 without Senate action on this report. Senate will meet January 3, 1938, unless convened in special session, and it is anticipated that it will consider report soon thereafter.

Department is instructing Embassy by mail (instruction No. 1953, September 27¹¹) to request United Kingdom to bring suggested reservation to attention of other signatories in order that, accepting or acquiescing in the view of the United States Government, they will take no exception to the deposit at the appropriate time of the instrument of ratification by the United States with the aforesaid reservation made a part of the ratification.

This Government is willing to continue effects of Paragraph 5 of Protocol to such time as may be necessary to permit ratification by itself and other signatories. The President of the Commonwealth of the Philippines has stated that the Commonwealth will take no action inconsistent with the purposes of the agreement pending the final approval or disapproval of the agreement by the United States Senate.

When this agenda item is discussed, telegraph at earliest opportunity what form of action, if any, is suggested to prolong effectiveness of Paragraph 5 of the Protocol and to assure ultimate bringing into force of the agreement.

The Department has suggested that the President of the Philippines introduce in the national assembly session opening in October legislation implementing the Philippine commitment effective on ratification by the United States and that he suggest Philippine representative on the United States Delegation for appointment by this Government. Replies will be telegraphed you when received.

HULL

561.35E1A/103 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, October 2, 1937—2 p.m.
[Received October 2—8:45 a.m.]

627. From the American delegates to the Provisional International Sugar Council. Department's 404, October 1, 5 p.m. and 405, September [*October*] 1, 7 p.m.¹²

Secretariat advises that official delegates of France, Russia, Brazil and Yugoslavia have been appointed to permanent International Sugar Council although those countries have not yet ratified the

¹¹ Not printed.

¹² Latter not printed.

Sugar Agreement nor made the declaration provided in article 4 of the Protocol.

May the American delegates to the "Provisional" Sugar Council presume that they are authorized to attend the meetings of the "Permanent" Council? China and India are not expected to be represented at the forthcoming meeting. [Johnson and Taylor.]

JOHNSON

561.35E1A/104 : Telegram

The Secretary of State to the Chargé in the United Kingdom
(Johnson)

WASHINGTON, October 2, 1937—2 p.m.

406. For American Delegates to Sugar Council. Your 620, September 28, 7 p.m. For your confidential information, a conference was held in the Department on October 1 between Mr. Hutson and officers of the Department, and it was not possible to formulate a statement on this Government's attitude as to the interpretation of Article 9 (c). The question is being actively pursued and you will be informed of a decision as soon as possible. The decision cannot be reached by October 4.

You may inform the Chairman of the International Sugar Council that you are therefore unable to answer his inquiry at this time, but you may assure him that every effort is being made by this Government to expedite a reply for him. It is hoped that the work of the Council when it meets on October 4 will not be impeded by the impossibility to furnish the requested information by that time.

HULL

561.35E1A/105 : Telegram

The Secretary of State to the Chargé in the United Kingdom
(Johnson)

WASHINGTON, October 2, 1937—6 p.m.

407. Your 619, September 28, 6 p.m. There is no objection to inclusion of an Agenda item concerning American Sugar Act for the stated purposes.

HULL

561.35E1A/108 : Telegram

The Secretary of State to the Chargé in the United Kingdom
(Johnson)

WASHINGTON, October 4, 1937—7 p.m.

408. Your 627, October 2, 2 p.m. If the present meeting of the Provisional Council established under the Protocol of May 6 is con-

verted into a meeting of the permanent council to be established under the International Sugar Agreement, you may continue to attend and to participate in the proceedings but without power to vote formally. Your appointments are specifically to the Provisional Council. Appointments to the permanent council would have to be approved by the President. The United States cannot assume the obligations of the Sugar Agreement or take formal action under it, such as by full participation in the Council which it establishes, until the Agreement has been ratified.

HULL

561.35E1A/109 : Telegram

*The Secretary of State to the Chargé in the United Kingdom
(Johnson)*

WASHINGTON, October 4, 1937—8 p.m.

409. Department's 405, October 1, 5 p. m.¹⁴ The President of the Commonwealth of the Philippines has expressed the wish that the American Delegation represent Philippine interests at the present meeting of the Provisional International Sugar Council and vote under instructions of the Commonwealth. He adds that in the matter of the Agenda transmitted with despatch No. 3391, September 16,¹⁴ decision for the Philippines is left with the American Delegation, except that in reference to Point 7 of the Agenda, the Commonwealth desires that the date for the determination of the proportion of stocks to the production in the Philippines be set at November 1 of each year. He desires further opportunity to offer instructions to the American Delegation in the event that matters of import to the Philippine sugar industry not specifically included in the Agenda should arise.

He also states that it is his intention to recommend to the Philippine National Assembly at its special session this month the enactment of suitable legislation to implement the commitments of the Commonwealth Government made in the International Sugar Agreement in such manner as to prevent any delay in the procedure of ratification on the part of the Government of the United States.

HULL

561.35E1A/110 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary
of State*

LONDON, October 5, 1937—noon.
[Received October 5—9:20 a.m.]

630. From American delegates to Sugar Council. Department's 404, October 1, 5 p.m., penultimate paragraph.

¹⁴ Not printed.

Following resolution adopted yesterday afternoon by plenary session of Council:

“Considering that the majority of governments have already either ratified the Agreement or made declarations under article 4 of the Protocol, and that a number of other ratifications are shortly expected:

Resolves to recommend those governments which have ratified the Agreement or have made declarations under article 4 of the protocol to consider the Agreement as being in force between themselves until further notice and trusts that those governments which have not yet ratified or made a declaration will treat the Agreement as being in force between themselves and other signatories.”

[Johnson and Taylor]

JOHNSON

561.35E1A/111 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, October 5, 1937—6 p.m.

[Received October 5—3:03 p.m.]

631. From the American representatives at the Sugar Council. Department's 406, October 2, 2 p.m. From the discussion this afternoon in the Council on the Statistical Committee's report it is evident that the feeling against the allotments to Peru and the Dominican Republic under article 9*c* is one of apprehension and some bitterness. The Polish delegate who is Chairman of the Statistical Committee and the British delegate did not hesitate to refer to assurances said to have been given to Mr. Norman Davis¹⁵ that the quantities to be allotted under article 7 [9]*c* by the United States would be “small”. The Secretary stated privately that Mr. Hutson assured her¹⁶ that the figure of 20,000 tons referred to in my 620, September 28, 7 p.m., would not be challenged in the United States.

A more complete report will be telegraphed tomorrow when the discussion of the statistical report will be resumed and presumably finished.

If it is possible a statement of the United States Government's attitude which could be read at tomorrow's meeting would be highly desirable. [Johnson and Taylor.]

JOHNSON

¹⁵ Chairman of the American delegation to the International Sugar Conference.

¹⁶ Miss M. D. Shufeldt, Secretary to the Council.

561.35E1A/113 : Telegram

*The Secretary of State to the Chargé in the United Kingdom
(Johnson)*

WASHINGTON, October 5, 1937—7 p.m.

412. Your 631, October 5, 6 p.m. For your information and possible use, the Department is to discuss this matter with Mr. Davis but can not do so before the end of the week.

Report amply Council discussions on this point. What have Dominican and Peruvian delegates had to say on this matter and as to their expectations or plans for production for this quota year?

HULL

561.35E1A/116 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary
of State*

LONDON, October 7, 1937—9 a.m.

[Received October 7—9 a.m.]

636. From American representatives at Sugar Council. Department's 412, October 5, 7 p.m. When presenting report of Statistical Committee to the Council the Chairman of the Committee made remarks in the following tenor with respect to the Committee's estimate that the United States would require 64,000 tons from the free market quotas. He referred to the fact that about 91,000 metric tons Philippine sugar had been recently reallocated to full duty countries of which the Dominican Republic received 23,000 and Peru 38,000 tons. This, he said, raised the question whether the whole or only a part of those amounts were being allotted in addition to their world quotas. He referred to private conversations at the time the International Agreement was drawn up where it was alleged the American representatives had said the United States only intended to allocate 10 to 20,000 tons to each country under article 9 (c). Therefore, according to the Committee's estimate, only 40,000 tons fell under article 9 (c) and the remaining (39,000?) of the Philippine sugar had been added in the Committee's report to the previous figure of 25,000.

The United States representatives stated the view that no authority existed for putting the 40,000 figures in a technical and official report.

The Peruvian delegate stated the opinion that the position should be taken as set out in the Agreement and that the 39,000 should not be included inasmuch as the matter was one between governments and not under the authority of the Council.

The Dominican delegate expressed the view that the 40,000 ton calculation was arbitrary and should be omitted from the Committee's report. Legally, he said, the decision rested with the United States and the other interested countries.

The United Kingdom delegate stated that Mr. Norman Davis, in private conversation, had talked of relatively "small" quantities under article 9 (c) and mentioned the figures of 10 or 20,000 tons. The 40,000 ton estimate in the Statistical Committee's report therefore seemed reasonable but it mattered little as a practical question whether the United States free market requirements were increased or the free market supplies from Peru or the Dominican Republic reduced by the amount concerned.

United States representatives expressed their view that the wording of the official report should be consistent with the terms of the Agreement.

The Netherlands delegate recalled that his Government and many others had accepted article 9 (c) with great reluctance, which was not dissipated even after Mr. Norman Davis had declared privately that the quantities involved would be very small. The Netherlands delegate thought that the present discrimination raised a new anxiety. He hoped very much that the United States representatives might shortly give the Council information to confirm the reassurances that various delegations had from Mr. Norman Davis as to allotments under article 9 (c). He thought it would be useful if the various delegations could have all necessary information at hand when the Council meets since lack of such information impeded business by depriving the Council of information needed for making decisions.

The Peruvian delegate, speaking again, referred to his own numerous conversations with Mr. Norman Davis and other delegates of the United States, the Dominican Republic and Peru. The point of view of the American countries was that they should be quite free as regards their internal arrangements in view of the importance between those countries of economic and political relations.

The Chairman pointed out that the Council had been assured that of [*the?*] Statistical Committee did not pretend to prejudge anything within the jurisdiction of any country but that he felt some figure had to be assumed.

The Secretary of the Council proposed the following as a substitution in the Statistical Committee's report for the explanation there given of the Statistical item under discussion "Plus an estimated increase in the outlook on the American market of 39,000 tons." The section to be deleted reads as follows: "Plus the amount allotted under section 204 (a) of the act in respect of the Philippine deficit to foreign

countries paying full duty less an amount of 40,000 tons which it is understood the United States may allot to Peru and Santo Domingo under article 9 (c) of the International Sugar Agreement".

The Peruvian delegate regretted that he could not accept this suggestion and repeated his desire that the calculation in the Committee's report be made exactly as set out in article 9 (c).

The Dominican delegate agreed with the Peruvian and would not contemplate any solution other than strict application of article 9 (c).

The Polish delegate speaking as such and not as Chairman of the Statistical Committee said that in his opinion the Committee had the right and duty to submit to the Council the most accurate figures possible.

The United States representatives expressed no objection to any estimate that seemed wise but to expedite business pending official advice as to what the United States Government would do with reference to article 9 (c) suggested retaining preliminary estimate [of?] 25,000 with explanation that definite advice was still awaited.

Netherlands delegate objected on grounds that it would suggest that all of the additional allotments might be lost to the free market.

United States representatives offered reassurance that the suggestion did not imply that 25,000 was the final figure. Netherlands delegate agreed after suggesting the use of both figures alternatively.

Chairman stated that use of 25,000 figure resulted in excess quota figure of 100,000 tons.

Subsequently Peruvian delegate submitted to Council prepared statement:

"Last evening Dr. Hart¹⁷ stated that in conversation with Mr. Norman Davis during the Sugar Conference the latter had said it was only intended that small quantities—10 or 20 thousand tons—should be granted by the United States under article 9 (c) of the Convention.

Without doubting, of course, for one moment, Dr. Hart's good faith I wish to state that there is no record of such limitation in the minutes of the proceedings of the Conference of [or?] its committees, nor was it mentioned to our delegation. On the contrary Peru only adhered to the Convention on the basis of the text of article 9 without any private or unofficial reservation of any kind whatsoever."

The Netherlands delegate stated that while he did not wish to prolong the discussion he felt compelled to take exception to the Peruvian statement.

The Committee's report was adopted in the form recommended by the Secretary of the Council as noted above. [Johnson and Taylor.]

JOHNSON

¹⁷ G. H. C. Hart, Netherland delegate on the International Sugar Council.

561.35E1/541

The Secretary of State to the Ambassador in Peru (Steinhardt)

No. 38

WASHINGTON, December 6, 1937.

SIR: There is enclosed a memorandum (with enclosures)¹⁸ in which there are set forth certain questions which have arisen with respect to the application of Article 9 (c) of the International Sugar Agreement signed at London on May 6, 1937. Under that Article the United States is permitted to make certain sugar-quota allotments to Peru and other countries not enjoying preferential treatment in the United States market which are not to be charged against the export quotas for those countries established in the International Agreement. A misunderstanding has apparently arisen among various signatories as to the meaning of this Article and the use which the United States intends to make of it, and it has become necessary for this Government to make a formal statement in the near future to the International Sugar Council of the policy which it intends to pursue in this respect.

In view of the rather delicate nature of the problem which has arisen as a result of the misunderstanding, the Department proposes to approach informally at least the governments principally interested in this question prior to making a formal statement to the Sugar Council. Such informal conversations will be undertaken with the Governments of Peru and the Dominican Republic and probably later with those of the Netherlands and the United Kingdom, which have demonstrated great interest in this matter. The enclosed memorandum indicates the general approach which the Department has in mind with regard to these conversations and the difficulties which may be encountered in reaching a solution which is satisfactory to the interested governments.

Before taking the subject up with any other Government, the Department is anxious to secure the views of the Peruvian Government with regard to the use which should be made of Article 9 (c).

Representatives of Peru have frequently stated that there are close natural limitations on Peruvian sugar production and that Peru does not wish to add more areas to those already devoted to the production of sugar. This has been the consistent position taken by Peru in its statements at international sugar conferences. It is desired, therefore, that you discuss this matter informally with the Peruvian authorities and ascertain, in view of the probable difficulties to be encountered in the Sugar Council, what is the total quantity of permissible exports

¹⁸ Memorandum of Information, December 3, with copy of Sugar Act of 1937, and of International Sugar Agreement prior to its ratification by United States Senate, not printed.

of Peru in any year during the life of the Sugar Agreement which the United States should attempt to provide for by fixing the tonnage of ex-Philippine quota sugar which shall not be chargeable to the free market export quota of Peru but shall be additional thereto.

If the maximum export possibility foreseen is 385,000 metric tons, then a global exception of 100,000 metric tons, of which Peru could supply about 56%, could be suggested by the United States. If a maximum export possibility of 360,000 metric tons in any 1 year would provide ample outlet for Peruvian production over the next 5 years, then the United States need ask a global exception of only 60,000 metric tons. A global exception of 40,000 metric tons, which is probably the maximum amount to which Article 9 (*c*) could be applied without being disputed by other signatories to the International Agreement, would permit about 22,500 metric tons to be exported from Peru over and above its free market quota. This would assure Peru an export possibility of 336,000 tons even if its free market quota were reduced 5% by application of Article 21 (*a*). An "inflexible quota" of 336,000 tons was the quota requested by the Peruvian delegation at the Sugar Conference of April-May 1937. The reservation in Article 9 (*a*) was in fact introduced largely to assure that this basic request of Peru for an irreducible quota of this magnitude should be satisfied even if there were a 5% reduction of free market quotas under Article 21 (*a*).

In your discussions with the Peruvian authorities, you should indicate that the United States has in mind, if time permits, to take this matter up informally with the British and Netherlands Governments and possibly others prior to making a formal declaration, with a view to securing their agreement to some tonnage figure to which the reservation in Article 9 (*c*) shall be applied. The Department feels that such a figure should be one which will permit the United States to make use of the reservation to an extent commensurate with the purposes for which it was proposed, but one which will not endanger the stability of the International Agreement. The Department believes that the strongest opposition would be encountered by the use of Article 9 (*c*) in a way which would result in the expansion of the area of production devoted to sugar in any of the countries benefiting from the application of the Article.

You may use any of the material contained in the attached memorandum which you deem appropriate in your discussions with the Peruvian authorities. You are requested to report the results of your discussions to the Department by telegraph.

Very truly yours,

For the Secretary of State:
SUMNER WELLES

561.35E1/542

*The Secretary of State to the Minister in the Dominican Republic
(Norweb)*

No. 17

WASHINGTON, December 6, 1937.

SIR: [The first two paragraphs are identical with those of instruction No. 38 to the Ambassador in Peru, *supra*.]

The Department is taking the subject up first with the Peruvian Government, in view of statements made by the Peruvian representative in the meeting of the International Sugar Council October 4-6, 1937, and does not desire you to approach the Dominican Government concerning the matter until further specific instructions. In the meantime the enclosures to this despatch are sent you for your information and such comment, if any, as you may wish to submit.

Very truly yours,

For the Secretary of State:
SUMNER WELLES

561.35E1/544

*The Secretary of State to the American Delegates to the Provisional
International Sugar Council*

WASHINGTON, December 14, 1937.

The Secretary of State transmits for the information of the Delegates a copy of instruction No. 38 dated December 6, 1937, to the American Ambassador to Peru, with the enclosures mentioned therein, regarding Article 9 (c) of the International Sugar Agreement signed at London May 6, 1937.

The Delegates are requested to take no action toward bringing this matter to a head until further instructions, but may in their discretion indicate to interested parties their understanding that this Government is endeavoring to reach an understanding with the countries which would be the principal beneficiaries of quotas under Article 9 (c), as to the interpretation and appropriate use of the rights of the United States under the Article.

Copies of the enclosures are being sent to the American Minister to the Netherlands for his information with instructions that it is not contemplated that the Minister should handle this question vis-à-vis the Netherland Government unless it be to cooperate with the American Delegates to the Provisional International Sugar Council, and pursuant to further instructions.

A copy of the enclosed Memorandum of Information and copies of the documentary enclosures have also been sent to the American Minister to the Dominican Republic with instructions to take no action on the matter until further notice.

561.35E1/545 : Telegram

The Ambassador in Peru (Steinhardt) to the Secretary of State

LIMA, December 18, 1937—1 p.m.

[Received 4:45 p.m.]

69. Referring to Department's instruction No. 38 of December 6, the Peruvian Government does not anticipate or contemplate in the immediate future any increase in acreage devoted to sugar or any increase in production other than such as may be occasioned by natural causes. Due to increased domestic consumption the Peruvian Government would not object to total permissible exports next year of 366,000 metric tons in lieu of 386,000 metric tons provided the quota recently granted by the United States is not thereby diminished. If the quota to be granted by the United States next year is to be not less than 56,000 metric tons, the Peruvian Government advises confidentially that it is prepared to surrender next year 20,000 metric tons of its free market quota of 330,000 metric tons granted pursuant to chapter 4 of the International Agreement.

The Peruvian Government hopes the United States will stand on its interpretation of article 9 (c) and thus continue to reserve complete freedom of action for the future and believes that its assurance of no increase in acreage and a voluntary reduction of 20,000 metric tons next year in its free market export quota should contribute materially to this end.

The Peruvian Government stresses that it was well understood in London that the quota to be granted Peru by the United States was to be in addition to the free market export quota specified in the International Agreement and is extremely anxious that the United States should not permit an alleged misunderstanding under the International Agreement to be used as an instrument for reducing or affecting its quota of exports to the United States.

The Peruvian Government is insistent that any voluntary concessions made by the United States or Peru at the present time to other signatories to the International Agreement should only be for the period of next year.

The Peruvian Government will resist any attempt by other governments to bring about directly or indirectly any reduction in the quota granted by the United States under the pretext of misunderstanding in the course of preliminary negotiations which led up to a written contract and observes that under both British and Dutch law the preliminary negotiations were merged in the final written agreement.

STEINHARDT

561.35E1/548 : Telegram

The Secretary of State to the Ambassador in Peru (Steinhardt)

WASHINGTON, December 30, 1937—6 p.m.

63. Your 69, December 18, 1 p.m. Please convey orally a message along the following lines from the Under Secretary to the Foreign Minister with regard to the application of Article 9 (c) :

(1) Of all the countries that gathered at the International Sugar Conference in April the United States was perhaps the least directly interested party. Its domestic legislation was satisfactorily taking care of the domestic situation. It had no sugar to export to the world market. It participated in the Conference and was glad to do so in order to lend its weight to the effort to restore healthy conditions to a sick sugar industry in the countries exporting to the free market. Among those countries it was particularly interested in helping the countries of the Western Hemisphere.

(2) After much difficulty an agreement was finally adopted which it is believed in general is satisfactory to all parties concerned. It is now operative on a provisional basis, by resolution of the Provisional Sugar Council running "until further notice". If maintained in operation it should once again put the sugar industry in those countries exporting to the free market on a healthy basis; if not it is likely that the sugar industry in those countries will continue as at present, or conceivably in an even worse condition. In the last analysis the decision as to whether the agreement will enter definitively into effect rests upon the principal participants and not upon the United States. If certain countries feel, in the light of information not comprehended by them when they signed the agreement, that other signatories are not to bear their share of the sacrifice, the first group of countries are still free not to continue with the agreement, which of course would at once destroy its efficacy.

(3) With regard to the interpretation of Section 9 (c), on the one hand are Peru and the Dominican Republic which are opposed to any amounts being charged against their free market quotas that are admitted as a result of redistribution of the unused Philippine quota. On the other hand are other countries which are equally firm in their belief that the amounts of sugar not chargeable to the free market quotas of Peru and the Dominican Republic should be definitely limited.

(4) While the agreement gives to the United States the right to determine the amount which will not be chargeable to the free market quotas, nevertheless it is believed to be obvious that if a figure is selected which is considered unreasonable by other countries there is a

very real possibility that those countries rather than accept this figure will withdraw from the agreement. Mr. Norman Davis was informed at the Brussels conference¹⁹ that the Dutch will take a very strong stand against exceeding the figures informally mentioned at the London conference. If Peru stands firm in its contention that there should be no limitation, and the United States so interprets 9 (c), there seems to be little doubt but that the agreement will lapse. This would have little or no effect upon the sugar industry in the United States. However, according to statements made by the Peruvian delegates, a continuance of the present price for Peruvian sugar in the world market will ultimately ruin the industry.

(5) The United States, therefore, is in the position of a mediator endeavoring to find some common ground on which the contending parties can meet. In view of the far-reaching benefits that would accrue to the Peruvian sugar industry from the operation of the international sugar agreement, the Under Secretary is confident that Dr. Concha will view this difficult problem from a broad vantage point. He knows of the good will that the United States bears for Peru. He knows to what extent the President and the Secretary went to persuade Congress to include a provision in the Sugar Act of 1937 which would permit an increase in the quotas of Peru and other full duty countries. This was a very practical demonstration of the desire of this Government to help Peru. Whatever limitations on Article 9 (c) may be accepted, the Article assures Peru the possibility of substantial shipments over and above the free market export quota which was the highest that could be obtained by hard negotiation at the Conference. The present initiative with regard to Article 9 (c) is likewise motivated by a desire to assist Peru, since in the considered opinion of the sugar authorities of this Government the collapse of the agreement would probably postpone another effort to bring about a sugar agreement for several years, during which time the Peruvian industry would suffer greatly. It would seem preferable for some decision to be reached prior to the next Council meeting, which was the reason for having raised the question now with the Peruvian Government. Therefore, the Under Secretary would appreciate Dr. Concha's further study of the problem and his comments at as early a moment as possible.

In the ensuing discussion you should make it clear that the sugar agreement could not in any way affect the amount of sugar Peru is permitted to export to the United States, which is determined solely by the Sugar Act of 1937. The United States imports from Peru for each calendar year comprise three elements: (1) the original quota

¹⁹ For correspondence relating to the Brussels Conference, see vol. iv, pp. 155 ff.

granted for the year by the United States; (2) the quota granted after September 1 by redistribution of unutilized parts of quotas of full-duty countries; and (3) the quota granted (probably soon afterward) by redistribution of unused Philippine quota. Elements (1) and (2) are clearly chargeable to the Peruvian export quota (in the export quota year in which they are actually exported) under the International Sugar Agreement, being covered by Article 9 (*a*), and the third will be chargeable to Peru's free market quota except such amounts thereof as may be excepted under 9 (*c*).

The United States cannot guarantee how large an import quota Peru will receive in any calendar year from these redistributions but it may reasonably be expected that for the next few years they will be equal to or greater than the 1937 figures.

HULL

[At a meeting of the Sugar Council on April 27, 1938, the American delegation presented a statement to the effect that after consultation with interested countries the United States now exercised its right under article 9 (*c*) with the limitation that of such additional imports in any calendar year during the 5-year life of the Agreement not more than 18,000 tons imported from the Dominican Republic, 2,471 tons imported from Haiti, and 29,950 tons imported from Peru should be chargeable to the export quotas of those countries under the Sugar Agreement, nor would the aggregate limitation under authorization of article 9 (*c*) exceed 50,421 tons. These quantities were in terms of metric tons of 96 degrees sugar and were in proportions established for import quotas by the United States Sugar Act of 1937. In telegram No. 354, April 29, 1938, 7 p. m., the American delegates to the Sugar Council reported that the article 9 (*c*) controversy appeared ended, the statement being received by the Council without opposition (561.35E1A/346).]

UNSUCCESSFUL EFFORT TO OBTAIN GERMAN AND
ITALIAN CONSIDERATION OF DRAFT INTERNATIONAL
CONVENTION FOR PREVENTION OF OIL POLLUTION
AT SEA

501.45A3/25

*The Secretary of State to the Ambassador in Germany (Dodd)*¹

No. 791

WASHINGTON, May 5, 1937.

SIR: The Communications and Transit organization of the League of Nations has had under consideration since 1934 the preparation of a draft convention designed to bring about through international cooperation the correction of the problem of the pollution of the sea by oil. In the fall of 1934 and in the fall of 1935 a committee of experts, including American experts, met in Geneva and at the latter meeting a draft convention was drawn.² This draft convention was then submitted by the League of Nations to various maritime countries of the world, asking for comments and whether those countries were prepared in principle to agree with the draft in question. All of the governments to which this questionnaire was presented, with the exception of Italy and Germany, have made replies thereto. It was through the initiative of the British Government that this pollution question was taken up by the League of Nations.

On October 10, 1936, the Council of the League of Nations decided to convene at a date yet to be fixed a conference for the conclusion of a convention and final act of the pollution of the sea by oil. No date has as yet been fixed and the reason for the delay in calling the conference is stated to be that the German and Italian Governments have not as yet made observations on the draft convention or expressed any willingness to participate in the conference. An Italian expert did, however, participate in the work of the committee of experts. While the Department does not know the reasons underlying the inaction on the part of the German and Italian Governments, it may be assumed that this inaction is due, in part at least, to their present policy in respect of any cooperation on the part of those governments with League of Nations activities.

¹The same, *mutatis mutandis*, as Department's No. 96, May 5, to the Chargé in Italy.

²See League of Nations document C.449.M.235.1935.VIII.

The Department recently received a note from the British Embassy in Washington,³ stating that His Majesty's Government is now contemplating an approach to the German and Italian Governments with a view to urging them to be represented at a conference if one is summoned. The British Ambassador in Washington was instructed to inquire whether the Government of the United States would be prepared to support a step of this kind and to approach the German and Italian Governments accordingly. Under date of April 2 the British Ambassador was informed⁴ that the Department would be prepared to approach the Italian and German Governments, expressing to them the hope that they may find it possible to join any such an international arrangement.

The pollution of navigable waters by oil is a subject of considerable interest to the American Government. In 1922 Congress passed a Joint Resolution⁵ authorizing the Secretary of State to convene an international conference the purpose of which would be to draw a convention designed to correct this problem. In 1926 a preliminary conference of experts was called in Washington, and as a result of the labors of that conference the draft convention was completed.⁶ This draft convention was then submitted to the governments whose experts participated in the conference, and all those governments, with the exception of Germany, Italy and Japan, expressed agreement in principle with the draft convention. Since it did not seem possible at that time to obtain the agreement of these last three named countries, further action on the part of this Government was held in abeyance. There continues in the United States, however, a decided interest on the part of numerous groups to find a solution for this difficulty, and the Department would be glad to see the conclusion of a satisfactory international arrangement in this respect.

You are requested to take an opportune occasion to discuss this matter orally and informally with the appropriate German authorities, and to express to them this Government's hope that the German Government may find it possible to join in such an international undertaking.

I feel that the information which is presented above will give you sufficient basis for opening such a discussion. You will of course readily appreciate that the approach should rest upon our interest in the problem and that we do not wish to inject ourselves into any question involved between the German Government and the League of Nations.

Very truly yours,

CORDELL HULL

³ Note No. 101, March 20, from the British Ambassador, not printed.

⁴ Note to the British Ambassador not printed.

⁵ Approved July 1, 1922; 42 Stat. 821.

⁶ Preliminary Conference on Oil Pollution of Navigable Waters, June 8-16, 1926; see *Foreign Relations*, 1926, vol. 1, pp. 238 ff.

501.45A3/28

The Ambassador in Germany (Dodd) to the Secretary of State

No. 3496

BERLIN, May 29, 1937.

[Received June 9.]

SIR: I have the honor to refer to the Department's mail instruction No. 791, of May 5, 1937, with regard to the correction of the pollution of the sea by oil.

The Department's instruction contained in the penultimate paragraph has been carried out. The Foreign Office indicated that they would give the matter their attention, and would advise us later in this regard.⁷

Respectfully yours,

WILLIAM E. DODD

501.45A3/29

The Ambassador in Italy (Phillips) to the Secretary of State

No. 431

ROME, June 17, 1937.

[Received June 29.]

SIR: I have the honor to inform the Department that in accordance with its instruction No. 96 of May 5, 1937,⁸ regarding international cooperation for the purpose of correcting the problem of the pollution of the sea by oil, I took occasion on June 16th to discuss the matter with the Italian Minister for Foreign Affairs and to describe to him the vivid interest of the Government of the United States in this problem, as well as the various efforts which the Government has made to bring about an agreement on the subject among all the interested Powers.

I furthermore informed Count Ciano that the Department of State had recently received a note from the British Government to the effect that it was contemplating an approach to the Government of Italy with a view to urging the Italian authorities to be represented at a conference on this matter if one should be summoned, and that under instructions from the Secretary of State I desired to express to him the hope of the Government of the United States that the Italian Government might find it possible to join in an international undertaking along these lines.

⁷ In telegram No. 23, January 20, 1938, the Embassy in Germany advised the Department that a note dated January 15, from the Foreign Office stated that the German Government was "gladly prepared to cooperate in bringing about an international agreement for the prevention of the pollution of the sea by oil." (501.45A3/31). Subsequent correspondence, Note No. 67, February 24, 1938, from the British Embassy, revealed that the German Government was unable, as a matter of principle, to take part in negotiations on the matter under consideration within the framework of the League of Nations (501.45A3/35).

⁸ See footnote 1, p. 970.

In reply Count Ciano informed me that he was not familiar with the subject and that he had not seen as yet any communication from the British Government along the lines indicated above, but that when it was received he would cause it to be given the most careful consideration. He added that he was glad to know of the interest of the Government of the United States in this problem.⁹

For the Department's information, I may add that the British note in question was in fact received at the Foreign Office on the same day, June 16th.

Respectfully yours,

WILLIAM PHILLIPS

501.45A3/30

The Consul at Geneva (Bucknell) to the Secretary of State

No. 47 Political

GENEVA, October 15, 1937.

[Received October 26.]

SIR: I have the honor to refer to the Consulate's despatch No. 2037 Political, of February 2, 1937,¹⁰ on the subject of the Draft Convention for the Prevention of the Pollution of the Sea by Oil, and to report that during the 20th Session of the Advisory and Technical Committee for Communications and Transit, August 31-September 4, 1937, the following resolution was adopted:

"The Advisory and Technical Committee:

After having taken note of the discussion in the Second Committee of the Assembly of 1936 and at the Council meeting of October 10, 1936, in the course of which it was pointed out that the results expected of the contemplated agreement concerning the pollution of the sea by oil would not be obtained unless all countries having a large mercantile marine took part:

Expresses in its turn the hope that all governments will collaborate in settling this problem,

And requests the Secretary-General of the League to bring this resolution to the notice of governments."

The question was not discussed in the Second Committee nor in the Assembly, but the following statement appears in the report submitted by the Second Committee to the Assembly on the work of the Communications and Transit Organization during the year 1936-1937:

"Regarding the pollution of the sea by oil, the Assembly is aware that the Council decided in October 1936 to call a Conference the agenda of which should include the conclusion of a convention and

⁹ No further communication on this subject from the Italian Government has been found in Department files.

¹⁰ Not printed.

a final act with respect to this question. Moved by the same considerations which in 1936 led the Assembly to appeal to the Governments of important maritime countries to assist in the settlement of the problem, the Council refrained from fixing a date for the meeting of the suggested Conference. To judge from a new appeal addressed to Governments, this time by the Advisory and Technical Committee, it would appear that there are still certain difficulties in the way of carrying out the drafts drawn up with such care under the auspices of the Communications and Transit Organization."

Respectfully yours,

HOWARD BUCKNELL, JR.

INVITATIONS EXTENDED BY UNITED STATES TO INTERNATIONAL LABOR ORGANIZATION TEXTILE CONFERENCE IN WASHINGTON, APRIL 2-17, 1937¹

550.41B1/54 : Circular telegram

The Secretary of State to the Ambassador in the United Kingdom (Bingham)^{1a}

WASHINGTON, January 29, 1937—3 p.m.

The Twentieth Session of the International Labor Conference adopted, on the proposal of the United States Government delegates, a resolution² in favor of holding a tripartite technical conference to consider improvement of conditions in the textile industry. The Seventy-seventh Session of the Governing Body of the International Labor Office adopted a resolution³ deciding to invite the Governments of all countries in which textile production forms an important part of their national economy to send delegates and technical advisers familiar with the problems of the textile industry to take part in a tripartite conference to consider all those aspects of the industry which directly or indirectly may have a bearing on the improvement of social conditions in the industry. Upon the recommendation of this Government the Governing Body decided to hold the Conference in Washington, to convene April 2, 1937.⁴

It is understood that a formal invitation to attend this Conference has already been extended by the International Labor Office to the British Government. You are requested to call at the Foreign Office and express orally the hope that, in view of the importance of the textile industry to British national economy, the British Government will be represented at the Conference.

Repeat *mutatis mutandis* to Am[erican] Embassies, Brussels, Paris, Berlin, Rome, Warsaw, Moscow and Valencia; Am[erican] Legations

¹ Twenty-three countries were officially represented by delegations at the Conference; see *American Delegations to International Conferences, Congresses and Expositions and American Representation on International Institutions and Commissions, With Relevant Data, 1937*, Department of State Conference Series No. 35 (Washington, Government Printing Office, 1938), pp. 59-63.

^{1a} See last paragraph for instructions to repeat to certain other missions.

² International Labor Organization Document No. G. B. 77/7/116.

³ I. L. O. Press Release C. P. 66.

⁴ *Ibid.*

Vienna, Prague, The Hague, Bern and Stockholm, and by airmail to American Consul, Calcutta.

HULL

550.41B1/56: Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, February 1, 1937—7 p.m.
[Received February 1—6:18 p.m.]

40. Department's circular of January 29, 3 p.m. During my call at the Foreign Office this afternoon I expressed the hope that the Italian Government would be represented at the Technical Textile Conference. In reply Count Ciano⁵ informed me that inasmuch as the Italian Government was no longer represented on the League or on the International Labor Conference he was not in a position to send a delegate to the Textile Conference. On the other hand, if before April 2, Italy should again become associated with the League and the labor organization, Italy would be represented at the Conference.

PHILLIPS

550.41B1/68: Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, February 9, 1937—5 p.m.
[Received February 9—12:35 p.m.]

28. Department's circular January 29, 3 p.m., to Paris. Doctor Schacht⁶ told me Germany ought to accept and that he would be glad to go himself. Von Neurath⁷ said about the same to me on February 3 and added that he would talk with Schacht and others and let us know their decision. No reply has come yet. I have my doubts about any participation useful as it might be.

DODD

550.41B1/121: Telegram

The Secretary of State to the Ambassador in Germany (Dodd)

WASHINGTON, March 17, 1937—6 p.m.

17. Your 28, February 9, 5 p. m. Please call again at the Foreign Office and express the hope that, in view of the importance of the German textile industry, Germany will be represented if possible by

⁵ Italian Minister for Foreign Affairs.

⁶ Hjalmar Schacht, German Minister for Economic Affairs, and President of the Reichsbank.

⁷ Constantin von Neurath, German Minister for Foreign Affairs.

a qualified delegation or, if that is not possible, at least by an observer with wide technical knowledge of the textile industry. You may add that no decisions will be taken by the Conference, which is designed to provide merely an opportunity for discussions of the problems of the industry.

The Department has received an intimation that Germany may be represented by an observer.⁸

HULL

⁸ By telegram No. 54, March 23, noon, the Embassy was informed that Germany would be represented at the Conference by a member of the German Embassy staff in Washington (550.41B1/138).

Rumania, Turkey, and the Soviet Union were similarly represented by observers (*American Delegations . . . 1937*, p. 62).

ATTITUDE OF THE UNITED STATES REGARDING CERTAIN QUESTIONS RAISED BY THE BRITISH GOVERNMENT WITH RESPECT TO THE PHILIPPINE COMMONWEALTH

811B.01/317 : Telegram

The Chargé in the United Kingdom (Atherton) to the Secretary of State

LONDON, February 19, 1937—9 p.m.
[Received February 19—4:20 p.m.]

83. Through a confidential agent Quezon¹ has informed the British Government he desires to attend the coronation² in a "semi-private" capacity. Quezon further conveys that he desires at that time to talk with the British Government as to the future of the Philippine Islands and to ask what their general attitude will be, especially since so far he has been unable to obtain from the United States Government information as to its attitude toward the future of the Philippines with especial reference to United States protection of these islands vis-à-vis Japan. Quezon specifically therefore wants to know what England is prepared to do and continues that "if neither the United States nor Great Britain are prepared to do anything, much as Quezon may dislike it, he would have to attempt to come to terms with Japan".

Foreign Office state they are "rather embarrassed but do not want to push Quezon into Japanese hands by snubbing him". Foreign Office understands Quezon is to visit the United States before the coronation and may not come to London at all but if he does come care will be taken not to snub him and what he has to say will be received attentively and he will only be given the vaguest of answers.

Foreign Office points out in this connection it would be very useful to the British Government and that indeed if the United States plans to "turn out of the Philippines bag and baggage" it opens a great problem for the British which they must begin to face now, especially since they understand Japan is already laying plans and the infiltration of Japanese subjects into the islands is increasingly heavy. The Foreign Office concluded by saying that they were most anxious there

¹ Manuel L. Quezon, President of the Commonwealth of the Philippines.

² The coronation of George VI, May 12, 1937.

should be no misunderstanding between the two Governments on this general problem since their interests were "identical".

ATHERTON

811B.01/317: Telegram

*The Secretary of State to the Chargé in the United Kingdom
(Atherton)*

WASHINGTON, March 11, 1937—8 p.m.

79. Your 83, February 19, 9 p.m.

1. With reference to the plans of the United States Government in regard to the Philippines, you may invite the attention of the Foreign Office to the provisions of the Independence Act of March 24, 1934,³ which, being the mandate of Congress, is the most concrete indication available of the plans of this Government in that connection. You may further inform the Foreign Office that Quezon is now in the United States for the express purpose of discussing with officials of this Government various Philippine problems and that it is the hope of this Government that these discussions will ultimately lead to the adoption of a program, mutually acceptable to both the United States and the Philippines, which will tend toward satisfactory solutions. Among subjects which may probably be discussed will be the question of the future security of the Islands. This Government may later desire to approach the British Government informally in regard to that subject.

2. The Department understands the embarrassment of the British Government and feels that there need develop no misunderstanding between the two Governments in the matter.

3. You may also point out to the Foreign Office that the United States still exercises sovereignty over the Philippine Islands and, although Quezon occupies a special position as President of the Commonwealth Government, he is by no means the head of an independent state but is an official under the Government of the United States. This Government would desire, therefore, that the British Government bear this in mind in connection with Quezon's indicated desire to attend the coronation.

HULL

³ 48 Stat. 456.

REGULATION OF RELATIONS BETWEEN THE GOVERNMENT OF THE PHILIPPINE COMMONWEALTH AND FOREIGN CONSULS

702.0011B/3

The Secretary of War (Woodring) to the Secretary of State

WASHINGTON, November 25, 1936.

DEAR MR. SECRETARY: I shall appreciate greatly your advice upon the question presented by the High Commissioner to the Philippine Islands in the accompanying letter dated November 20, 1936.

Sincerely yours,

HARRY H. WOODRING

[Enclosure]

The High Commissioner to the Philippine Islands (Murphy) to the Secretary of War (Woodring)

DETROIT, MICH., November 20, 1936.

SIR: It has come to the attention of the High Commissioner's office that certain foreign consuls at Manila make a practice of sending directly to the office of the President of the Philippines, instead of through the office of the High Commissioner, notice of changes in personnel or other official actions. Simultaneous notice is given this office also. Possibly other communications pass directly between these consuls and the Commonwealth Government.

It may perhaps be considered that the Commonwealth Government is not exactly analogous to the government of one of the states of the Union, but in a sense may be considered a branch or agency of the Federal Government, vested with general control of local government affairs in the Philippines. To what extent the procedure observed by foreign consuls in the United States is applicable or appropriate in the Philippines is not wholly clear.

In view of the fact that matters relating to foreign affairs have been excluded from the jurisdiction of the Commonwealth Government and are among the prescribed duties and responsibilities which the High Commissioner is called upon to discharge as the representative of the President of the United States, question has arisen whether the practice being followed by local consuls is a correct one.

It will be recalled that official calls are first made by foreign consuls on the High Commissioner. It would seem desirable to have the State Department or other proper authority consider this matter of official formal communications, and if necessary advise with representatives of foreign countries at Washington concerning the proper procedure.

While this office has no serious objection to the prevailing practice and recognizes that it may be a convenient and practical arrangement, it would seem desirable to establish sound procedures and correct official relations, to avoid confusion and misunderstanding concerning the status, prerogatives, and jurisdiction of the respective offices of the High Commissioner and the Commonwealth President. If possible, the status of local consuls, the nature and extent of their relations with the Commonwealth Government, should be more clearly determined and stated for the information and guidance of all concerned.

Sincerely,

FRANK MURPHY

702.0011B/3

The Acting Secretary of State to the Secretary of War (Woodring)

WASHINGTON, January 13, 1937.

MY DEAR MR. SECRETARY: The receipt is acknowledged of your letter of November 25, 1936, in which the opinion of the Department is requested with regard to certain questions affecting relations between the Commonwealth Government and foreign consuls presented by the High Commissioner to the Philippine Islands in his letter of November 20, 1936, which accompanied your letter under acknowledgment.

The Department appreciates the courtesy of the War Department in referring to this Department the High Commissioner's letter, and it wholly concurs in the opinion of the High Commissioner that it would seem desirable to establish rules for the regulation of relations between the Commonwealth Government and foreign consuls. This Government has already taken occasion to express to certain foreign governments its views with regard to the question of communication between foreign governments and the Commonwealth Government. In one instance, the American Government stated that communications in regard to matters affecting the Philippine Islands are to be addressed to the American Government, and in other instances it has stated that if such communications are addressed to the Commonwealth Government they are to be referred to the American Government for transmission to the Commonwealth Government.

The political status of the Philippine Commonwealth as defined in the organic act of the Commonwealth is in many respects without parallel, and, therefore, it is believed that established rules and practice with regard to relations between a consul and the authorities of the political division to which he is assigned need to be appropriately modified for application in the Philippine Islands. There may be, as has been suggested, an analogy between the Commonwealth Government and the governments of the several states of the Union. It is believed, however, that the analogy does not hold good at all points: there are granted by law to the Commonwealth certain powers, notably with regard to immigration and to tariff matters, which are denied to the states of the Union, and the exercise of these powers create relations between the Philippine Islands and foreign countries (which are to remain under the control and supervision of the United States) apart from the foreign relations of the United States. Although it would seem desirable from several points of view that consuls in the Philippine Islands have a certain degree of latitude in approaching the Commonwealth Government, the Department believes that the rules and procedure which should govern the conduct of business between the Commonwealth Government and foreign consuls in the Philippine Islands need to be formulated with care in order to guard against violence being done to the express provision of the act that the foreign affairs of the Commonwealth shall remain under the control of the United States. This Department will address itself to the problem of formulating such rules and procedure, and it will expect from time to time to communicate in this relation with the War Department.

In the meantime, the Department is making studies in contemplation of informing those foreign governments which have consular officers stationed in the Philippine Islands of the expectation of the American Government that such consular officers refrain from addressing the Commonwealth Government with regard to subjects which might warrantably be deemed to be political in character.

The letter of the High Commissioner is returned herewith, a copy thereof having been made for the files of this Department.

Sincerely yours,

R. WALTON MOORE

702.0011B/3

The Secretary of State to the Secretary of War (Woodring)

WASHINGTON, May 12, 1937.

MY DEAR MR. SECRETARY: Referring to the penultimate paragraph of my letter of January 13, 1937, in regard to certain questions affecting relations between foreign consuls in the Philippine Islands

and the Commonwealth Government of the Philippines, I am enclosing the draft of a memorandum on this subject which this Department proposes to send to the diplomatic missions in Washington of those governments maintaining consular representatives in the Philippines.

Although it is difficult to devise and establish comprehensive rules to govern the relationship between foreign consular officers in the Philippines on the one hand and officials of the United States Government and the Commonwealth Government on the other hand, it is believed that the procedure outlined in the attached memorandum should be of help in this regard. Matters not covered therein can be taken care of as they arise in the light of attendant circumstances.

This Department is prepared to permit foreign consular officers to take up directly with the local authorities in the Philippine Islands matters of a non-political nature relating to the protection of the rights and interests of their nationals. It was prompted to authorize this direct approach to the local authorities because of the difficulties experienced by American officials stationed in dominions and possessions of countries which attempt to deny consular officers the right of communication with local officials. Moreover, some of the treaties between the United States and foreign countries concede the right of foreign consular officers to approach the local authorities. The memorandum does provide, however, that subjects of a political character and questions relating to exequaturs and changes in career personnel, visits of foreign war vessels and airplanes, and other formal matters shall be dealt with as usual through diplomatic channels.

Before circularizing the proposed memorandum, this Department desires to have the comments of the War Department.

Sincerely yours,

CORDELL HULL

[Enclosure]

Draft Memorandum From the Department of State to Those Diplomatic Missions in Washington Whose Governments Maintain Consular Representatives in the Philippine Islands

RELATIONSHIP OF FOREIGN CONSULAR OFFICIALS IN THE PHILIPPINES
WITH THE UNITED STATES HIGH COMMISSIONER AND OFFICIALS OF
THE COMMONWEALTH GOVERNMENT

The present government in the Philippine Islands, legally designated as the Government of the Commonwealth of the Philippine Islands, was established pursuant to the provisions of the Philippine Independence Act (Public No. 127, 73d Congress [H. R. 8573])¹.²

¹ Brackets appear in the original.

² Approved March 24, 1934; 48 Stat. 456.

The Independence Act provides that, on the 4th day of July immediately following the expiration of a period of ten years from the date of the inauguration of the Commonwealth Government (that is, on July 4, 1946), the President of the United States shall by proclamation withdraw all rights of sovereignty over the Islands then exercised by the United States (Section 10 (a)). Although the Act grants to the Commonwealth Government a large measure of autonomy, the sovereignty of the United States is retained until relinquished by the President's proclamation. Pending the relinquishment of sovereignty, certain definite limitations have been placed on the functions and authority of the Commonwealth Government. In this connection, it is pertinent to the purpose of this memorandum to refer to the clause in the Act which stipulates that foreign affairs are under the direct supervision and control of the United States (Section 2 (a) (10)).

The United States High Commissioner to the Philippine Islands is the representative of the President of the United States (Section 7 (4)). The position of the President of the Commonwealth is somewhat analogous to that of the governor of a state of the United States. He ranks with but after the High Commissioner.

The United States maintains a consular officer in Manila. His duties in the Islands are, however, restricted to the performance of notarial acts and other services in connection with the administration of the United States immigration laws (Section 8 (a) (3)).

Foreign consular officials stationed in the Philippines may appropriately address and appeal to the local authorities, throughout the extent of their consular districts, for the purpose of protecting the rights and interests of their nationals. Should the local authorities fail to give satisfaction, appeal may be made directly to the High Commissioner. It is desirable, however, that written communications addressed to the local authorities be prepared in duplicate and a copy forwarded to the office of the High Commissioner. Subjects of a political character, and questions relating to exequaturs and changes in career personnel, visits of foreign war vessels and airplanes, and other formal matters should, of course, be dealt with as usual through diplomatic channels.

Identical memoranda are being forwarded to those diplomatic missions in Washington whose governments maintain consular representatives in the Philippines.

702.0011B/5

The Secretary of War (Woodring) to the Secretary of State

WASHINGTON, May 17, 1937.

DEAR MR. SECRETARY: The receipt is acknowledged of your letter of May 12, 1937, in which the comments of the War Department are

requested with regard to a memorandum which it is proposed to send to certain diplomatic missions in Washington on the subject of the relations between foreign consuls in the Philippine Islands and the Commonwealth Government of the Philippines.

I am pleased to inform you that this Department concurs in the memorandum as drafted.

Sincerely yours,

HARRY H. WOODRING

702.0011B/7

The Secretary of War (Woodring) to the Secretary of State

WASHINGTON, May 25, 1937.

DEAR MR. SECRETARY: I am inclosing for your information a translation of a coded radiogram, dated May 22, 1937, received in the Bureau of Insular Affairs of this Department from the High Commissioner to the Philippine Islands.

Sincerely yours,

HARRY H. WOODRING

[Enclosure]

The High Commissioner to the Philippine Islands (McNutt) to the Secretary of War (Woodring)

MANILA, May 22, 1937.

Under date of May 8th my administrative assistant, at my direction, sent following letter to all Consuls:

"I have the honor to inform you that the United States High Commissioner has noted considerable variation by consular officers in Manila in the method of transmitting correspondence to the Commonwealth Government.

Inasmuch as the Act of Congress establishing the Commonwealth Government provides that foreign affairs shall be under the direct supervision and control of the United States, it is the desire of the United States High Commissioner that all official communications addressed to the Commonwealth Government, or any of its agencies, be forwarded to this office for transmittal to the Commonwealth Government.

Your cooperation in this matter will be appreciated. I have the honor to be, Sir, very respectfully yours."

By official letter, quoted herewith, the German Consul takes exception:

"Manila, May 14, 1937. Excellency: I have received a letter of your Administrative Assistant dated 8th instant, regarding the method of transmitting correspondence to the Commonwealth Government. In this connection I wish to draw your attention to the provisions of the Treaty of Friendship, Commerce and Consular Rights

between Germany and the United States of America,³ article 21 which reads as follows:

'Consular officers, national[s] of the state by which they are appointed, may, within their respective regular officers [*respective consular*] districts, address the authorities, national, state, provincial or municipal, for the purpose of protecting their countrymen in the enjoyment of their rights accruing by treaty or otherwise. Complaint may be made for the infraction of those rights. Failure upon the part of the proper authorities to grant redress or to accord protection may justify interposition through the diplomatic channel, and in the absence of a diplomatic representative, a consul general or the consular officer stationed at the capital may apply directly to the government of the country.'

I have the honor to be Excellency, your most obedient servant.
(Signed) Gasakowsky, Consul for Germany."

Since receipt of this I understand he has referred question to his Government as to his conformance. Japanese Consul in informal conversations also raises question relative channel botheration of communications from consuls through this office to offices of Commonwealth Government. British and Italian Consuls are reported to have referred the letter to these [*their?*] Governments. Please refer this matter to Secretary of State for his early comment. In the past some matters of importance to this office did not come to our attention due to failure of consuls to route communications through this office.

McNUTT

702.0011B/7

The Acting Secretary of State to the Secretary of War (Woodring)

WASHINGTON, May 26, 1937.

MY DEAR MR. SECRETARY: Reference is made to the radiogram, dated May 22, 1937, received by the War Department from the High Commissioner in Manila in regard to a circular letter dated May 8, 1937, addressed by the High Commissioner's office to foreign consular officers in the Philippines asking them to send through that office all official communications addressed to the Commonwealth Government or any of its agencies. A copy of that telegram was sent to this Department informally on May 22, 1937, by the Bureau of Insular Affairs.

This Department notes that the German Consul has invited the High Commissioner's attention to the provisions of Article XXI of the Treaty of Friendship, Commerce and Consular Rights, concluded between the United States and Germany on December 8, 1923, relative to the treatment of consular officers; that the Japanese Consul has discussed the matter with the High Commissioner's office; that the British and Italian Consuls have referred the matter to their Governments; and that the High Commissioner desires the comment of this Department.

³ Signed December 8, 1923, *Foreign Relations, 1923*, vol. II, p. 29.

Reference is also made to this Department's letter of May 12, 1937, enclosing a draft of a memorandum in regard to the relationship of foreign consular officers in the Philippines with the United States High Commissioner and officials of the Commonwealth of the Philippines, and to your reply of May 17, 1937, expressing concurrence in the memorandum as drafted. That memorandum was the result of considerable study by this Department which had no intimation that the High Commissioner contemplated action on his own initiative. The procedure outlined therein recognizes the right of foreign consular officers to address and appeal to the local authorities for the purpose of protecting the rights and interests of their nationals. This right is based on specific provisions in many of our treaties, of which the article in the treaty with Germany quoted in the High Commissioner's radiogram is typical. Also, through the operation of the most-favored-nation clause, this right would accrue to still other powers. Moreover, this Government has consistently maintained that its own consular officers should be accorded the right to address the local authorities within their respective consular districts for the purpose of protecting their countrymen.

This Department had originally planned to send a copy of the memorandum to each of the diplomatic missions in Washington whose governments maintain consular representatives in the Philippine Islands, with the request that the text thereof be communicated through their respective governments to their consular officers stationed in the Islands. Inasmuch as the High Commissioner has already written directly to those officers, it is believed that it would be preferable for the High Commissioner to continue to deal with the matter himself, and that, particularly in view of the publicity which has been given his letter, any action taken by this Department through diplomatic channels might cause him further embarrassment.

In view of the above circumstances, it is suggested that the High Commissioner send a further letter to foreign consular officers in the Philippines, the substantive portion of which would consist of the text of the penultimate paragraph of the memorandum. He may care to mention the fact that the letter from the German Consulate was referred to the Department of State and that his revised letter is based on a ruling from the Department of State. This Department would appreciate receiving by air mail a copy of the revised letter.

The High Commissioner should be requested to refer future questions involving international relations to the Departments of War and State before taking action.

This Department also suggests the desirability of sending a copy of this letter and of the memorandum by air mail to the High Commissioner.

Sincerely yours,

SUMNER WELLES

702.0011B/8

The Secretary of State to the Secretary of War (Woodring)

WASHINGTON, July 7, 1937.

MY DEAR MR. SECRETARY: I am in receipt of your letter of June 16, 1937,⁴ enclosing a copy of a radiogram of the same date, received in the Bureau of Insular Affairs of the War Department from the High Commissioner to the Philippine Islands. The radiogram embodies the text of a proposed agreement between the High Commissioner and the office of the President of the Commonwealth of the Philippines concerning the exchange of communications between foreign consular officers stationed in the Philippines and the Commonwealth Government. The High Commissioner asked that the matter be referred to this Department for suggestions.

The subject matter of the agreement proposed by the High Commissioner concerns the foreign affairs of the Philippine Islands which, under the provisions of the Independence Act [Section 2 (a) (10)],⁵ are "under the direct supervision and control of the United States". By virtue of this provision the Government of the United States alone is authorized to determine the procedure to be followed in the matter of the exchange of communications between foreign consular officers in the Philippines and the Commonwealth Government. Although this Government is, of course, prepared to give appropriate consideration to any observations on that subject which the Commonwealth Government may desire to make, it is, obviously, improper to entertain any proposal for an "agreement" with the Commonwealth Government respecting the procedure to be followed in any matter affecting the foreign relations of the Islands.

You will recall that this Department in its letter of May 26, 1937, suggested that the High Commissioner issue a circular letter to foreign consular officers stationed in the Philippines on the subject of the exchange of communications with the Commonwealth authorities, the substantial portion of which circular was to consist of the text of the penultimate paragraph of a draft memorandum which this Department sent to the War Department in a letter dated May 12, 1937. The procedure outlined in the radiogram of June 16, 1937, from the High Commissioner is based on that memorandum but contains a number of material additions thereto.

Although this Department has no objection to the proposed amendment which suggests that triplicate copies of communications from foreign consular officials to officials of the Commonwealth Government outside of Manila be sent to the President of the Commonwealth

⁴ Not printed.

⁵ Brackets appear in the original.

Government, or to the provision that replies from local authorities of the Commonwealth Government to communications from foreign consular officials shall be transmitted through the office of the President of the Commonwealth Government, the Department is of the opinion that the other suggested changes in the procedure outlined in this Department's memorandum are unnecessary and undesirable and should not be adopted.

The procedure outlined in this Department's memorandum, amended in accordance with the statements contained in the preceding paragraph, would read as follows:

I. Foreign consular officers stationed in the Philippines may appropriately address and appeal to the local authorities, throughout the extent of their consular districts, for the purpose of protecting the rights and interests of their nationals. Should the local authorities fail to give satisfaction, appeal may be made directly to the United States High Commissioner to the Philippine Islands who should bring the matter to the attention of the President of the Government of the Commonwealth of the Philippines. If that action should fail to effect a satisfactory adjustment, the High Commissioner will then refer the case to the Department of State and will so inform the foreign consular officer concerned. It is suggested that written communications addressed by foreign consular officers to the local authorities of the Commonwealth Government in Manila be prepared in duplicate and a copy forwarded to the High Commissioner; and that such communications addressed to officials of the Commonwealth Government outside of Manila be prepared in triplicate, one copy to be sent to the High Commissioner and one copy to the President of the Commonwealth. Replies by officials of the Commonwealth Government to communications from foreign consular officers should be transmitted through the President of the Commonwealth, and a copy of each reply should be sent to the High Commissioner by the President of the Commonwealth.

II. Subjects of a political character and questions relating to exequaturs, visits of foreign war vessels and airplanes, and other formal matters should be dealt with as usual through diplomatic channels, i. e., through the Embassy or Legation in Washington of the country concerned.

III. Official communications from the Commonwealth authorities to American diplomatic and consular officers should be sent to the High Commissioner for transmission over his signature to the diplomatic or consular officers concerned. American diplomatic and consular officers are being instructed to address official communications for the attention of the Commonwealth authorities to the High Commissioner for transmission.

If you are in accord with the views expressed herein, it is suggested that the High Commissioner be requested to address a formal note to the Commonwealth authorities informing them that, by direction of the President, the exchange of communications between the Commonwealth authorities on the one hand and foreign consular officers

in the Philippines and American diplomatic and consular officers on the other hand shall be effected in accordance with the above procedure. He should also address a circular letter to all foreign consular officers stationed in the Philippines, quoting the text of Section 2 (a) (10) of the Independence Act, and communicating the first two paragraphs of the text of the suggested procedure. Their cooperation should be requested to make the procedure effective.

Sincerely yours,

CORDELL HULL

702.0011B/17

*Circular Letter From the Office of the High Commissioner to the Philippine Islands Addressed to All Foreign Consular Officers Stationed in Manila*⁶

MANILA, July 22, 1937.

SIR: Supplementing a letter of this office dated May 8, 1937, I am attaching hereto a mimeographed copy⁷ of the procedure for the exchange of communications between foreign consular officers stationed in the Philippines and the Commonwealth Government as approved by the Department of State of the United States on July 7, 1937.

It will be noted that the subject matter concerns foreign affairs of the Philippines which, under the provisions of the Independence Act (Section 2 (a) (10)), are "under the direct supervision and control of the United States". By virtue of this provision the Government of the United States determines the procedure to be followed in the matter of communications between foreign consular officers in the Philippines and the Commonwealth Government.

The High Commissioner desires me to say that he feels sure that you will extend full cooperation in making this procedure effective.

I have the honor [etc.]

WAYNE COY

⁶ Copy transmitted to the Department by the Secretary of War, September 18.

⁷ See *supra*.

TAX EXEMPTION AND CUSTOMS COURTESIES ENJOYED
BY FOREIGN DIPLOMATIC AND CONSULAR OFFICERS
IN THE UNITED STATES

701.0611/553a

The Secretary of State to American Diplomatic Officers

Diplomatic Serial No. 2829

WASHINGTON, August 19, 1937.

SIR: The Department has recently received so many inquiries concerning the subject matter of circular instruction Diplomatic Serial No. 766 of November 9, 1928,¹ in regard to the exemptions from taxation and customs duties enjoyed by foreign diplomatic and consular officers within the United States, that it has seemed advisable, in view of changes necessary therein, to issue a new circular instruction.

Ambassadors and Ministers accredited to the United States and the members of their households, including secretaries, attachés, and servants, who are not citizens of the United States, are exempted from the payment of Federal income tax upon their salaries, fees and wages, and upon the income derived by them from investments in the United States in stocks and bonds and from interest on bank balances in the United States. The income derived from any business carried on by them in the United States would, however, be taxable.

Miscellaneous federal excise taxes are imposed by the Revenue Act of 1932² on telegraph, telephone, radio and cable facilities; admissions, dues and initiation fees; transfers of stocks and bonds; conveyances; sales of produce for future delivery; passage tickets; foreign insurance policies; and safe deposit boxes.

Under the application of the principles of international law exempting from taxation ambassadors, ministers and other duly accredited diplomatic representatives of foreign governments, together with the members of their families living with them and members of their households, including attachés, secretaries, clerks and servants who are not citizens of the United States, all such diplomatic representatives, together with the other personnel above-mentioned, are entitled to exemption from the taxes mentioned in the preceding paragraph.

¹Not printed. For previous statement on diplomatic exemptions, see note to the Irish Minister, January 22, 1927, *Foreign Relations*, 1927, vol. 1, p. 414.

²47 Stat. 169.

It is understood that some foreign governments levy a transmission tax on transportation. Sections 500 of the Revenue Acts of 1917 and 1918³ imposed a similar tax on transportation charges. Article 99 of Treasury Regulations 49, relating to such tax provided that ambassadors, ministers and properly accredited diplomatic representatives of any foreign government to the United States were exempt from the payment of the taxes on amounts paid for transportation services rendered them within the United States. Such tax was repealed as of December 31, 1921.⁴ Therefore, at the present time there is no Federal tax on transportation charges similar to the transmission tax mentioned.

In the District of Columbia there is no charge corresponding to rates payable by a tenant, and consequently diplomatic officers in Washington are not obliged to pay rates.

Property in the District of Columbia owned by foreign governments for Embassy and Legation purposes is exempt from general and special taxes or assessments. Property owned by an Ambassador or Minister and used for Embassy or Legation purposes is exempt from general taxes but not from special assessments for improvements. The payment of water rent is required in all cases, as this is not regarded as a tax but the sale of a commodity.

The President approved on August 27, 1935, H. R. 7998,⁵ entitled "An Act to exempt from taxation official compensation of certain foreign representatives . . .", the pertinent portion of which reads as follows:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 116 of the Revenue Act of 1934⁶ relating to exclusions from gross income is amended by adding at the end thereof a new subsection reading as follows:

'(h) Compensation of Employees of Foreign Governments.—Wages, fees, or salary of an employee of a foreign government (including a consular or other officer, or a nondiplomatic representative) received as compensation for official services to such government—

'(1) If such employee is not a citizen of the United States; and

'(2) If the services are of a character similar to those performed by employees of the Government of the United States in foreign countries; and

'(3) If the foreign government whose employee is claiming exemption grants an equivalent exemption to employees of the Government of the United States performing similar services in such foreign country.

"The Secretary of State shall certify to the Secretary of the Treasury the names of the foreign countries which grant an equivalent exemption to the employees of the Government of the United States performing services in such foreign countries, and the character of the services performed by employees of the Government of the United States in foreign countries.'"

³ 40 Stat. 300 and 1057, respectively.

⁴ Revenue Act of 1921; 42 Stat. 227, 320.

⁵ 49 Stat. 908.

⁶ 48 Stat. 680.

The members of foreign diplomatic missions and foreign consular officers in the District of Columbia are exempt in the District from the payment of personal property taxes on automobiles and other personal property, either tangible or intangible, owned by them. They are furnished identification tags and operators' permits for their automobiles, without charge, provided the applications made therefor bear the seal of the mission and the seal of the Department of State. Automobiles bearing District of Columbia tags are permitted to enter the several States without obtaining additional tags. Members of foreign diplomatic missions in the United States and foreign consular officers stationed in the District of Columbia are accordingly not required to pay the fees ordinarily charged other owners of automobiles in this country.

The fees and taxes for automobiles and other property to be charged foreign consuls in the several States of the United States, in the absence of applicable treaty provisions, are subject to regulation by the States in which the consuls are stationed. However, practically all of the States of the Union now accord to foreign consular officers on the basis of reciprocity the free registration of their automobiles.

Diplomatic officers of foreign countries residing in the United States are entitled to exemption from sales taxes, such as those imposed on gasoline, automobile tires and inner tubes if they are parties to the importation or sale which is made the subject of the tax, that is to say, if the gasoline, automobile tires or inner tubes are imported by them or purchased by them from the producer or manufacturer for their personal or official use.

By an order dated July 8, 1921, the Collector of Taxes of the District of Columbia was authorized to issue dog licenses to foreign diplomatic officers without charge.

Articles 425 and 426 of the United States Customs Regulations of 1931 provide for the granting of customs courtesies and the exemption from the payment of customs duties, to diplomatic and consular officers of foreign countries and outline the procedure to be followed by such officers in requesting these courtesies.

Foreign consular officers who are nationals of the State appointing them and not engaged in any other business and their families are accorded the privilege of the free entry of their personal and household effects, including intoxicating liquors, at the time of their arrival in the United States to take up their official duties or upon their return to their posts in the United States after leave of absence. The entry of liquors into the States of the United States is governed by state laws prohibiting or regulating the importation or transportation of liquors for beverage use. (Section 2, 21st Amendment to the Constitution of the United States, adopted December 5, 1933).

In the absence of applicable treaty provisions, exemption from the internal revenue tax on intoxicating liquors is not accorded consular officers.

There is enclosed a list showing the countries with which there are treaties or reciprocal agreements⁷ containing special provisions with respect to customs exemptions for consular officers and official supplies.

Supplies intended for official use of foreign embassies and legations and foreign consulates in the United States, such as office furniture and office material, may be entered free of duty. Exhibits of the products of foreign countries, if forming a part of the permanent exhibitions in the consulates may also be admitted free of duty.

The granting of these customs exemptions to diplomatic and consular officers of foreign countries is conditional upon the granting of similar exemptions to American diplomatic and consular officers by these countries.

Any material imported by a foreign government to be used in constructing an embassy or legation building is exempted from the payment of customs duties.

The above statement, although not exhaustive, describes some of the more important immunities and exemptions accorded foreign diplomatic and consular officers in the United States.

Should the occasion arise you may bring the foregoing information to the attention of the governments to which you are accredited, and in so doing you may state that should those governments not be disposed to grant to all American diplomatic officers in those countries in matters relating to the exemption from taxation and customs duties, privileges similar to those enjoyed by foreign diplomatic officers in the United States, this Government will have to reconsider its position with regard to the exemptions from taxation and customs duties at present enjoyed by such officials in this country.

You are instructed to make the following notation on the copies of Diplomatic Serial No. 766 in your respective missions: "Cancelled—see C. I. Dip. Ser. No. 2829."

A copy of this instruction is being sent to the consular officers merely for their information and files.

I am [etc.]

For the Secretary of State:
G. S. MESSERSMITH

⁷ There were treaties with the following countries: Cuba, El Salvador, Estonia, Finland, Germany, Honduras, Hungary, Latvia, and Norway. Reciprocal agreements existed with the following: Bolivia, Chile, China, Ecuador, Egypt, Irish Free State, Iran, Lithuania, Netherlands, Panama, and Sweden. The agreements with Lithuania, Panama, and Iran pertained only to Consuls on temporary assignments.

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